Unknown

From: Myrna Brown [mbrown@ccthita.org]
Sent: Monday, November 05, 2007 9:59 AM
To: Ruaro; Randall P (GOV)
Cc: Palin; Sarah H (GOV)
Subject: Request
Importance: High

Good Morning Randy,

The meeting with the Attorney General Talis Colberg and Assistant Attorney General Stacy Steinberg occurred October 19, 2007 with Eddie Brakes, Child Support Manager, Jessie Archibald, CS Tribal Attorney, Alfred McKinley, Sr., Judiciary Member and Debra O'Gara, Magistrate. We appreciated meeting with both Mr. Colberg and Ms. Steinberg for that meeting.

The introductions, relationships and interests were well established in the meeting. The position of the CCTHITA delegation appeared to be (1) a request for the State to honor the [presumptive agreement and its] terms of the "transfer process" for TCSU cases previously discussed and agreed upon by CSSD and detailed in the March 29, 2007 letter which provided for two possible procedures for transfer. The CCTHITA delegation's negotiating position also included (2) its request the CSSD keep transferred cases open for the purpose of assisting the CCTHITA with IRS and PFD intercepts, and (3) for the Bureau of Vital Statistics (BVS) to provide access for TSCU to copies of birth certificates and (4) to make necessary changes to existing birth certificates in accordance with a Tribal Court Paternity Order.

Alfred McKinley's talk about the primary goal of providing for the needs of children and custodial parents served by Title IV-D, and the prospect for cooperation between the CCTHITA and the State was important, and a reprise of the common goal of serving needy children is indeed our focus. Indian Child Welfare Act facts concerning jurisdiction of tribal courts to which Title IV-D legislation and regulation may refer and be addressed for discussion.

As we spoke on the phone I left the option open to meet with Governor Palin open and would like to move forward as soon as possible in your assistance in setting up another meeting with President William E. Martin, Eddie Brakes, Alfred McKinley, Sr., Jessie Archibald and Debra O'Gara. Please let me know at your earliest convenience. We feel that this would be of utmost importance for Central Council of Tlingit and Haida Indian Tribes of Alaska.

Thank you.

Unknown

From: Sarah Palin [gov.sarah@yahoo.com]

Sent: Monday, November 05, 2007 11:26 AM

To: Frye; Ivy J (DOA)

Subject: Re: Fw: My apologies

it's gotten a LOT worse since they left - lots more rumor mongering going on... you hit the nail on the head!

"Frye, Ivy J (DOA)" <ivy.frye@alaska.gov> wrote:

> Here's the latest. Don't worry, I won't be forwarding anymore emails from chris unless there's some substantial revelation.
>
> The thing that bothers me the most is he likes to perpetuate instability on the 3rd floor, and that it has only gotten worse since he and bit left. Who does he think he is?
>
> ----- Original Message -----
> From: Christopher Clark <cgcalaska@yahoo.com>
> To: Frye, Ivy J (DOA)
> Sent: Sat Nov 03 17:33:17 2007
> Subject: Re: My apologies
>
> In regards to who's leaking information from the Third Floor, that I don't know. And that's the truth.
>
> As a common understanding, courtesy, or condition when getting something that may be sensitive, I don't press my sources on where they get their information -- unless I really need something on the record. However, insisting that my sources reveal their sources is usually met by a grin, a wag of the finger, or an "Oh, Chris, you know better than to ask that." If I press, then I risk losing an opportunity in the future for more information. That's just the way things work in the capitol and on the street. That's why it takes years to build up trust. (And only a second to destroy it.)
>
> When I worked for the governor, I was stunned several times when certain people with offices on the ground, 1st, 2nd, 4th, and 5th floors knew more about what was going on in the governor's office or, a source of perpetual frustration, knew more about the governor's schedule than did I. Heather, for example, seemed to know EVERYTHING that was happening on the Third Floor long before she was considered a candidate for the governor's legislative office. It was remarkable, if not troubling.
>
> Here's a whopper for you: in August, I learned from sources in the legislature -- NOT John -- who was going to be the new co-directors in the legislative office a day or two before Mike broke the news to me. I was grateful. That way, I didn't look like a deer in the headlights when Mike told me that my services were no longer needed.
>
> As Ben Franklin once said, three can keep a secret if two of them are dead.
>
> ----- Original Message ----
> From: "Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>
> To: cgcalaska@yahoo.com
> Sent: Saturday, November 3, 2007 5:50:31 PM
> Subject: Re: My apologies
>
> Man, Chris. You just wrote on and on about how you want to help the governor succeed, yet you don't want to tell me who's sharing confidential info from the 3rd floor.
>
> ----- Original Message -----

From: Christopher Clark <cgcalaska@yahoo.com>
To: Frye, Ivy J (DOA)
Sent: Sat Nov 03 17:27:34 2007
Subject: Re: My apologies

Can't tell you.

I must protect my sources.

That's the rules of the game. A reporter is only as good as his sources.

----- Original Message ----
From: "Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>
To: cgcalaska@yahoo.com
Sent: Saturday, November 3, 2007 5:20:05 PM
Subject: Re: My apologies

Chris, you ALWAYS know the beat in the capitol. Who said it?

----- Original Message -----
From: Christopher Clark <cgcalaska@yahoo.com>
To: Frye, Ivy J (DOA)
Sent: Sat Nov 03 17:16:48 2007
Subject: Re: My apologies

That, I don't know.

When I contacted Mindy, she was surprised that I knew.

----- Original Message ----
From: "Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>
To: Christopher Clark <cgcalaska@yahoo.com>
Sent: Saturday, November 3, 2007 5:10:34 PM
Subject: RE: My apologies

Perhaps I should be more specific. How would anyone know the hiring decision of the third floor? Who would give out that information?

From: Christopher Clark [mailto:cgcalaska@yahoo.com]
Sent: Sat 11/3/2007 5:06 PM
To: Frye, Ivy J (DOA)
Subject: Re: My apologies

A friend who works in House Finance.

----- Original Message ----
From: "Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>
To: Christopher Clark <cgcalaska@yahoo.com>
Sent: Saturday, November 3, 2007 5:03:38 PM
Subject: RE: My apologies

Well, who told you that Mindy was hired?

From: Christopher Clark [mailto:cgcalaska@yahoo.com]
Sent: Wed 10/31/2007 5:36 PM
To: Frye, Ivy J (DOA)
Subject: Re: My apologies

Amen to that -- all of that.

----- Original Message ----
From: "Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>
To: Christopher Clark <cgcalaska@yahoo.com>
Sent: Wednesday, October 31, 2007 3:19:15 PM
Subject: RE: My apologies

There are too many rumors out there that arenâ€™t conducive to what Governor Palin and her Administration are trying to accomplish.

There are too many comments about what is going wrong or right; whoâ€™s working for her and whoâ€™s not; whoâ€™s a good employee and whoâ€™s not; and it goes on and on. Iâ€™m absolutely sick of it. Iâ€™ve said this a million times, but what do any of these comments have to do with good public policy? Iâ€™m sure neither of us (me or you) know who is going to be hired. Unless youâ€™ve had a conversation with Mike or the governor, I wouldnâ€™t believe it AND if they did talk to you, I sure as heck wouldnâ€™t be repeating it. If you do have access to this type of information or any other 3rd floor information, Iâ€™d be confronting the person or letting Mike knowâ€"I promise you that.

From: Christopher Clark [mailto:cgcalaska@yahoo.com]
Sent: Wednesday, October 31, 2007 10:09 AM
To: Frye, Ivy J (DOA)
Subject: Re: My apologies

One more thing ...

After I had the brainstorm in which I thought you could do the job as deputy legislative director, I ran it by John -- thinking he would tell me if I were nuts or not.

He thought you would be better off at Administration, but he didn't seem to think my idea was far-fetched. We both could be assured, at the least, that there would be someone in that office who would work hard and be ferociously loyal to the governor.

----- Original Message ----
From: Christopher Clark <cgcalaska@yahoo.com>
To: " Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>
Sent: Wednesday, October 31, 2007 10:01:50 AM
Subject: Re: My apologies

Nobody told me that you were interested in being deputy legislative director.

It was only an idea I had one night, at home. At the time, it seemed like a Eureka ! moment. It may have been fueled, in part, by the warm cup of sake that I was drinking, I confess.

Given your familiarity with the legislature, I thought and think you could do it. You know the players, the quirks, the personalities. You know how legislation moves through committee. You know the lay of the land. You understand the process and how difficult it can be.

I want the governor to succeed. So I was brainstorming on who could take the job to help meet that goal. Your face popped into my mind.

On a different note ...

I'm now listening to Senate Judiciary discuss the pluses and minuses of the gross tax versus the net tax. It's going well. Pat's doing a good job. Of all the committees that are hearing the governor's bill, this one is and will be the kindest and most supportive of her.

Be that as it may, the real fight -- or, at least, the biggest and most important battles -- will occur on the House and Senate floors.

I'm of the opinion -- and several reporters agree with me -- that the governor is in a win-win position. A nice place to be. More on that, later.

----- Original Message ----
From: " Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>
To: Christopher Clark <cgcalaska@yahoo.com>
Sent: Wednesday, October 31, 2007 9:28:43 AM
Subject: RE: My apologies

Again, I still havenâ€™t heard that Mindy or anyone else was hired. It hasnâ€™t been confirmed, that I know. You never encouraged me to apply for the deputy director position. I never have come up to you once in person, in writing, on the phone and said, â€œI want to be the deputy legislative director.â€□ Understandably, Iâ€™m very curious who would tell you something like that. Thatâ€™s the only information thatâ€™s relevant to this entire conversation.

Please donâ€™t offer me knowledge or confidence if itâ€™s based on rumorâ€"it doesnâ€™t help anybody.

Thanks,

Ivy

From: Christopher Clark [mailto:cgcalaska@yahoo.com]
Sent: Tuesday, October 30, 2007 1:12 PM
To: Frye, Ivy J (DOA)
Subject: My apologies

My apologies.

I never meant to offend or hurt you. On the contrary, I intended to offer you encouragement and support. I clearly

missed the mark. And for that, I am sorry.

I just want to see you flourish and succeed. Hence, my clumsy attempts in offering you encouragement and the latest rumblings in the capitol. Confidence and knowledge -- that's all I was trying to offer.

To be clear, I want our governor to do well and continue to shine. She's a welcomed balm to this malignant, diseased political system. I want Alaskans' current love affair with her to last the arc and span of her political career. It's good for people to have faith in their leaders and their government. Refreshing, too.

Let me tell you what I tell others unabashedly, including my friends in the press corps: in spite of what happened to me, in spite of my losing a job in the governor's office, I want the governor to succeed. I want her to remain popular and strong. I want her to stay popular and strong so she may negotiate from a position of strength when dealing with the oil industry. You and I both know all too well what it's like for the state to have a weakened, unpopular, and lame-duck governor. I don't want to see that happen again. Especially to her. I adored her while I worked for her. And I still do. As John Tracy said last year, she's a breath of fresh air.

Let me remind you that I voted for Sarah Palin in last year's primary and general elections for two reasons: her strong stand on the gas pipeline and her embodiment of an ethical public life. Sarah Palin doesn't just talk about ethics. She lives it. She embodies it. She has made sacrifices to uphold it. That's why I like her.

Just so you know, I did not forward your e-mail to John or anybody. And I am not sending this one to anyone via blind copy or any other means.

I am disheartened that you have lost your faith and trust in me, if, indeed, you ever had it. This is a personal loss for me.

Perhaps this is the price I must pay when trying to balance my friendship with John with my desire to see the governor succeed.

For what it's worth, I plan to tease him today ... mercilessly ... over John Harris's live shot yesterday during KTUU's 5:00 newscast. Did you see it? Oh, my God. Let me put it this way: John Harris is NO Sarah Palin. Ha! I still marvel at how she handles herself -- so easily and adroitly -- in front of the cameras. She makes it look easy and effortless - - a true sign of a master, as we learn in aikido. It seems she requires so little preparation and then, bam! Nails the press conference. Nails the interview. I don't why, but it leaves me in stitches every time. I've worked for seven legislators. Not one holds a candle to the governor in this regard. She's remarkable. Or, as Bill McAllister once told me, amazing.

As for my previous e-mails to you ...

I just had a brainstorm one evening that you would be good in the legislative office. And I just wanted you to know that. I still do, by the way, for what that's worth.

When I learned that Mindy got the job, I felt like an idiot having tried to encourage you to pursue a position that had already been filled. I wrongly assumed -- largely because I believed you are far better connected than I -- that you already knew about that hire. My apologies, again, for being a moron.

I do wish you well and I want you to continue to shine.

Chris

----- Original Message ----
From: " Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>
To: Christopher Clark <cgcalaska@yahoo.com>
Sent: Monday, October 29, 2007 2:32:15 PM
Subject: RE: You could have done it

I hadnâ€™t heard they appointed a deputy director. Iâ€™m sure itâ€™s not pubic information yet. And how would you know if I was interested anyway?

I donâ€™t appreciate you stating the first line as if I had been inquiring with you or anyone else about who the new deputy would be, and I donâ€™t appreciate that you infer that you and I have been discussing my interest in the deputy director position. Your email was cleverly written and although I canâ€™t prove it I will assume you blind copied others.

Your comments about Tibbles can only come from John Bitneyâ€"feel free to share that with him too. And, if Mike was your friend and you believed in the Administration you wouldnâ€™t be passing on rumors you hear. I donâ€™t want to hear the rumors because I donâ€™t believe them.

Iâ€™ve also asked you politely before not to send me emails regarding the governor. I would appreciate if you would honor my request.

Iâ€™m not, as you say, trying to get â€œcloser to the governor.â€□ I donâ€™t need to try. She knows Iâ€™d do anything for her.

From: Christopher Clark [mailto:cgcalaska@yahoo.com]
Sent: Monday, October 29, 2007 1:36 PM
To: Frye, Ivy J (DOA)
Subject: You could have done it

Yes, I heard about the new deputy legislative director.

Good for Mindy. And condolences to her as well.

This is interesting because it proves that Tibbles still has some sway up there. That he's not quite the lame duck some may perceive him to be.

It's also interesting because the decision was made during the special session instead of afterwards as expected.

There are several good things about Mindy: she knows the legislature, understands the personalities, she HAS a good personality, she knows Tibbles well, and she knows the importance of fiscal notes. She's competent, experienced, dedicated, and used to putting in long hours. And she wasn't happy with recent developments in Senate Finance.

For what it's worth ...

I think you could have done the job. It would not have been easy. It would have strained the outer limits of diplomacy. But it would have gotten you closer to the governor.

I'm disappointed that you weren't given the chance -- if that was even an option. On the other hand, I would have been mortified if I had encouraged you to take the job, you got it, and it turned out to be a disaster for you -- thus setting you way back rather than moving you way forward. In that regard, I am relieved that you're still where you're at.

You are well off there. Annette and Kevin have much to teach.

My recommendation: get a regular session under your belt there. Just like Frank did. And learn, learn, learn. Have

you become more familiar with Excel yet? Here's your chance.

Hang in there, mon amie.

Fondly,

Chris

Unknown

From: Bailey, Frank T (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=FTBAILEY]
Sent: Monday, November 05, 2007 11:22 AM
To: 'gov.sarah@yahoo.com'
Subject: Re: RCA Task Force Member-Dianne Kiesel

Ahhh thanks so much.

Working on NPFMC, more Supreme Court, and then onto the other 50+ spots to fill.

Woo-hoo!

F

----- Original Message -----

From: gov.sarah@yahoo.com <gov.sarah@yahoo.com>

To: Bailey, Frank T (GOV)

Sent: Mon Nov 05 11:15:52 2007

Subject: Re: RCA Task Force Member-Dianne Kiesel

Sounds good on all three.

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: gov.sarah@yahoo.com

Date: Mon, 5 Nov 2007 20:12:16

To:"Bailey, Frank T (GOV)" <frank.bailey@alaska.gov>

Subject: Re: RCA Task Force Member-Dianne Kiesel

This just arrived- two-three hours later!

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "Bailey, Frank T (GOV)" <frank.bailey@alaska.gov>

Date: Mon, 05 Nov 2007 08:56:43

To:gov.sarah@yahoo.com

Subject: Fw: RCA Task Force Member-Dianne Kiesel

Governor,

Is Anna Kim ok to go forward with the 3 members of the HCR8 - RCA task force to evaluate RCA Commissioner salaries and job descriptions.

The 3 folks put forward are

Law - Craig Tillery

DCCED - Ted Leonard

Personnel - Dianne Kiessel/Dep Dir Personnel

Thanks much.

F

----- Original Message -----

From: Kim, Anna C (GOV)

To: Bailey, Frank T (GOV)

Cc: Tibbles, Michael A (GOV)

Sent: Mon Nov 05 08:44:25 2007

Subject: RCA Task Force Member-Dianne Kiesel

Good Morning,

I am just following up about the latest on the decision to appoint Dianne Kiesel to the RCA taskforce. As you recall, she is the last member to make the administration's

appointments complete.

Anna

Anna Kim

Special Staff Assistant

Office of the Governor

Unknown

From: Bailey, Frank T (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=FTBAILEY]
Sent: Monday, November 05, 2007 11:14 AM
To: 'gov.sarah@yahoo.com'
Subject: Re: RCA Task Force Member-Dianne Kiesel

Bizarre.

----- Original Message -----

From: gov.sarah@yahoo.com <gov.sarah@yahoo.com>

To: Bailey, Frank T (GOV)

Sent: Mon Nov 05 11:12:16 2007

Subject: Re: RCA Task Force Member-Dianne Kiesel

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Sent from my BlackBerry® device from Cellular One

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From: "Bailey, Frank T (GOV)" <frank.bailey@alaska.gov>

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Good Morning,

I am just following up about the latest on the decision to appoint Dianne Kiesel to the RCA taskforce. As you recall, she is the last member to make the administration's appointments complete.

Anna

Anna Kim

Special Staff Assistant

Office of the Governor

Unknown

From: gov.sarah@yahoo.com
Sent: Monday, November 05, 2007 10:47 AM
To: Frye; Ivy J (DOA)
Subject: Re: GtG

They're pretty flippin amazing. The tenacity and patience shown by Pat blows me away. 1.5 wks to go!

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: "Frye, Ivy J (DOA)" <ivy.frye@alaska.gov>

Date: Mon, 05 Nov 2007 08:41:08

To:gov.sarah@yahoo.com

Subject: GtG

I watched your team all day yesterday—I thought Galvin did a great job fielding questions for over 12 hours. Will be interesting to watch the FIN Committees. Keep up the good work these last 10 days—you guys are doing great!

Unknown

From: Governor Sarah Palin (GOV sponsored) [governor@alaska.gov]
Sent: Monday, November 05, 2007 10:39 AM
To: Mason; Janice L (GOV)
Cc: Savland; Monica L (GOV)
Subject: FW: Legal_and_lawsuits

-----Original Message-----

From: WebMail@gov.state.ak.us [mailto:WebMail@gov.state.ak.us]

Sent: Monday, November 05, 2007 11:23 AM

To: Governor Sarah Palin (GOV sponsored)

Subject: Legal_and_lawsuits

Web mail from: Mr. Loren Leman

address: 2699 Nathaniel Ct Anchorage AK 99517

243-2000 or 351-8683

MESSAGE:

Governor Palin,

Thank you for your response to the Alaska Supreme Court's outrageous decision regarding Alaska's parental consent law and the judicial bypass provided in SB24 in 1997. I know a little bit about this--as I was the prime sponsor of this legislation. I concur with your direction to Attorney General Colberg to file a petition for rehearing. I have thoughts on the timing of this that I would be happy to discuss with you.

As you know, enforcing Alaska's parental involvement statute is vitally important.

Loren Leman

loren@lorenleman.com

Unknown

From: Governor Sarah Palin (GOV sponsored) [governor@alaska.gov]
Sent: Monday, November 05, 2007 10:11 AM
To: barbaraseyboln@msn.com
Subject: RE: Other

Thank you for writing to Alaska Governor Sarah Palin. The concerns, opinions, and/or information you have sent are important and valuable to the Governor. Although she is unable to respond to each and every email herself, your message has been received and is being reviewed by the appropriate staff person in this office who can best address your need, suggestion, or comment.

-----Original Message-----

From: WebMail@gov.state.ak.us [mailto:WebMail@gov.state.ak.us]

Sent: Monday, November 05, 2007 8:59 AM

To: Governor Sarah Palin (GOV sponsored)

Subject: Other

Web mail from: Ms. barbara seybold

address: p.o box 521584 big lake AK 99652

907-892-7902

MESSAGE:

I just want to encourage and bless you Gov. Palin.I am so pleased with your decisions thus far.SINCERELY an ALASKAN.

barbaraseyboln@msn.com

PLEASE ADD TO E-NEWS

Unknown

From: Palin, Sarah (GOV sponsored) [govpalin@alaska.gov]
Sent: Monday, November 05, 2007 9:15 AM
To: Von Scheben; Leo (DOT)
Subject: Re: Road Replacement

Thank you

----- Original Message -----

From: Von Scheben, Leo (DOT)

To: Palin, Sarah (GOV sponsored)

Sent: Mon Nov 05 09:14:06 2007

Subject: RE: Road Replacement

As discussed, I will track Murph down and ask his status. LEO

-----Original Message-----

From: Palin, Sarah (GOV sponsored)

Sent: Sunday, November 04, 2007 7:35 AM

To: Von Scheben, Leo (DOT)

Cc: Perry, Kristina Y (GOV)

Subject: Fw: Road Replacement

Leo- when you get this message pls give me a call so we can discuss MacKinnon's replacement asap. Thanks!

----- Original Message -----

From: Palin, Sarah (GOV sponsored)

To: Von Scheben, Leo (DOT)

Cc: Perry, Kristina Y (GOV)

Sent: Sat Nov 03 06:52:11 2007

Subject: Road Replacement

Hi Leo:

Hope your interview wirh [Privileged c] went well. I like her. She'd be good.

I have an idea on MacKinnon's replacement. (I got an email yest saying he's resigning.) Confidentially for now until we get to talk about it: remember Privileged or Personal Material
Privileged or Personal Material Redacted
Privileged or Personal Ma Great reputation within DOT and the public.

Talk to you soon.

Unknown

From: Bailey, Frank T (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=FTBAILEY]
Sent: Monday, November 05, 2007 8:57 AM
To: 'gov.sarah@yahoo.com'
Subject: Fw: RCA Task Force Member-Dianne Kiesel

Governor,

Is Anna Kim ok to go forward with the 3 members of the HCR8 - RCA task force to evaluate RCA Commissioner salaries and job descriptions.

The 3 folks put forward are

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DCCED - Ted Leonard

Personnel - Dianne Kiessel/Dep Dir Personnel

Thanks much.

F

----- Original Message -----

From: Kim, Anna C (GOV)

To: Bailey, Frank T (GOV)

Cc: Tibbles, Michael A (GOV)

Sent: Mon Nov 05 08:44:25 2007

Subject: RCA Task Force Member-Dianne Kiesel

Good Morning,

I am just following up about the latest on the decision to appoint Dianne Kiesel to the RCA taskforce. As you recall, she is the last member to make the administration's appointments complete.

Anna

Anna Kim

Special Staff Assistant

Office of the Governor

Unknown

From: Fagerstrom, Erika (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=EFAGERSTROM]
Sent: Monday, November 05, 2007 7:58 AM
To: 'gov.sarah@yahoo.com'
Cc: 'fek9wnr@yahoo.com'
Subject: Re: Bed

Hello Governor,

Yes, I received it and we'll get it taken care of with the least amount of fuss .

When this phase of the plumbing project is over I had requested to have the portable W/D moved to the 3rd floor linen closet, so it shouldn't be an issue. I apologize for involving Linda in these kinds of matters. My understanding is that she was not opposed to taking care of this; she wanted to work it so it wouldn't appear like something out of the norm-i.e. using areas that were closest to existing 220 outlets and running the conduit from there. I think that we're fine if we include it with the w/d on the 3rd floor.

It's good/helpful to know how you want things handled, so I appreciate your feedback!

On a day like today-I wish the bed was ready to go for you to use right away!!

Thanks,

Erika

----- Original Message -----

From: gov.sarah@yahoo.com <gov.sarah@yahoo.com>

To: Fagerstrom, Erika (GOV)

Cc: Todd <fek9wnr@yahoo.com>

Sent: Mon Nov 05 05:34:41 2007

Subject: Fw: Bed

Hi erika. Did you get this email?

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: gov.sarah@yahoo.com

Date: Sat, 3 Nov 2007 15:31:25

To:"Erika Fagerstrom" <erika.fagerstrom@alaska.gov>

Subject: Bed

Thanks Erika.

I misunderstood and didn't realize the bed was already in the cedar closet. Yes, see what it would take to get the power extension there... it shouldn't take much and should be compared to a situation such as during this renovation had we had a need for a dryer to be placed upstairs instead of in this guest bathroom- what would that extension take? I just don't want Linda making a big deal out of this- and don't want family requests to be made public in any way as they had through Stephanie. Thanks!

Sent from my BlackBerry® device from Cellular One

Unknown

From: Perry, Kristina Y (GOV) [kris.perry@alaska.gov]
Sent: Monday, November 05, 2007 6:45 AM
To: Palin; Sarah (GOV sponsored)
Subject: RE: Road Replacement

Will do.

-----Original Message-----

From: "Palin, Sarah (GOV sponsored)" <govpalin@alaska.gov>

To: "Perry, Kristina Y (GOV)" <kris.perry@alaska.gov>

Sent: 11/5/2007 5:34 AM

Subject: Fw: Road Replacement

Pls tell him to look at his weekend emails today and to call me

----- Original Message -----

From: Palin, Sarah (GOV sponsored)

To: Von Scheben, Leo (DOT)

Cc: Perry, Kristina Y (GOV)

Sent: Sun Nov 04 07:35:12 2007

Subject: Fw: Road Replacement

Leo- when you get this message pls give me a call so we can discuss MacKinnon's replacement asap. Thanks!

----- Original Message -----

From: Palin, Sarah (GOV sponsored)

To: Von Scheben, Leo (DOT)

Cc: Perry, Kristina Y (GOV)

Sent: Sat Nov 03 06:52:11 2007

Subject: Road Replacement

Hi Leo:

Hope your interview wirh Privileged o went well. I like her. She'd be good.

I have an idea on MacKinnon's replacement. (I got an email yest saying he's resigning.) Confidentially for now until we get to talk about it: remember Privileged or Personal Material R
Privileged or Personal Material Redacted

Privileged or Personal Mat Great reputation within DOT and the public.

Talk to you soon.

Unknown

From: PARNELL, S (GOV sponsored) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=SRPARNELL1]
Sent: Monday, November 05, 2007 6:44 AM
To: 'gov.sarah@yahoo.com'
Subject: Re: Juneau Empire

Privileged or Personal Material Redacted

On way to Fairbanks to speak to the group of municipal clerks gathered ahead of AML.

----- Original Message -----

From: gov.sarah@yahoo.com <gov.sarah@yahoo.com>

To: Galvin, Patrick S (DOR); Tibbles, Michael A (GOV); Balash, Joseph R (GOV); Kelly, Russell T (GOV)

Cc: Irwin, Tom E (DNR); Rutherford, Marty K (DNR); PARNELL, S (GOV sponsored)

Sent: Mon Nov 05 05:42:35 2007

Subject: Fw: Juneau Empire

Your patience and tenacity WILL lead to the right thing being done here for Alaska, you guys. Thanks for your amazingly great efforts in front of the committee, Pat... and all efforts all the way around on this.

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: Todd Palin <fek9wnr@yahoo.com>

Date: Mon, 5 Nov 2007 06:36:10

To:Sarah Palin <gov.sarah@yahoo.com>

Subject: Juneau Empire

Resources Committee approves higher surtax

By R.A. Dillon

For the News-Miner

Published November 5, 2007

JUNEAU — The House Resources Committee approved a new version of Gov. Sarah Palin's oil tax bill Sunday night that substantially increased the amount of revenue producers would owe the state at today's high oil prices.

Under an amendment proposed by Rep. Paul Seaton, R-Homer, the state would reap about $2.4 billion at current prices from the progressive surtax provision alone. The change would nearly double the $1.3 billion earned by the surtax in the governor's original plan.

In exchange for the higher surtax rate, the committee left out the 10 percent gross tax on production at the state's legacy fields sought by the Palin administration, Seaton said.

"That's the trade off," he said.

The surtax — often referred to as a "windfall profits tax" or "progressivity" — is designed to capture a greater percentage of oil company profits when prices skyrocket. The surtax under the existing petroleum production tax captures about $1.1 billion at current prices.

The price of West Texas Intermediate crude oil closed Friday on the New York Mercantile Exchange at $95.93 a barrel.

The panel also lifted the base tax rate to 25 percent of a company's net profits in Alaska, up from 22.5 passed by the House Oil and Gas Committee. Taken together, the latest version of the bill, at oil prices of $80 a barrel, would capture about $1.4 billion more in fiscal year than the existing tax system.

As passed, the committee substitute would raise nearly $4 billion when oil prices reached $80 a barrel.

The surtax proposal would add 2 percentage points to the base tax rate once the net price of producing a barrel of North Slope crude topped $30 — about $53 a barrel on the West Coast market. The escalator would increase a percentage point for every $10 the net price of oil climbed above $30 a barrel.

The surtax would top out once the state's combined tax rate reached 50 percent, which Seaton estimates would be at oil prices of $116 a barrel.

While the trigger for the surtax would be based on the net price of oil, the surtax itself would be calculated based on the gross value of production at the wellhead. The switch means producers could not deduct the cost of production from the surtax portion of their tax bills.

The committee substitute that Resources passed out late Sunday night after a two-day marathon mark-up reversed several additional changes to the original legislation made by the previous House panel.

Democrats on the nine-member panel were able to put their stamp on the bill with help from Seaton and fellow Republican, Resources' co-chair Carl Gatto of Wasilla.

Fairbanks Democrat David Guttenberg also carried several amendments for the administration.

Critics of the changes said lawmakers fail to grasp the effects of many of the changes they're making to the original bill. The industry has warned that altering the tax system for the second time in as many years could harm investment on the North Slope at times of declining oil production.

An attempt by Resources' co-chair Craig Johnson, R-Anchorage, on Saturday to gut the fiscal provisions of the bill was defeated.

"If we're open to business, then our sign isn't plugged in," Johnson said. "It's my personal belief that we've already stepped over the line."

The legislation now moves to the Finance Committe, where many of the gains won by Democrats over the past two days are likely to be reversed.

Finance Committee co-chairs Mike Chenault, R-Kenai, and Kevin Meyer, R-Anchorage, could simply set aside Resources' version and pick up the bill as passed by the Oil and Gas Committee. No decision has yet been made on how to proceed, Chenault said Sunday night.

"It may take a week just to find out what all the changes they made in Resources do," he said.

Chenault expects the final bill will include some sort of tax hike. However, he said he'd prefer to see an increase to the surtax rather than the base tax rate.

Among the changes to the bill approved by Resources:

An amendment allowing the state to determine the cost of sending oil down the trans-Alaska pipeline for the purpose of calculating a company's eligible deduction. Producers can currently deduct the full pipeline tariff rate filed with federal regulators, an amount the state claims is inflated. The administration says the change is worth an estimated $160 million a year.

Added language limiting eligible deductions to investments made in Alaska only.

A provision that would allow the Alaska Retirement Management board to purchase tax credits from companies for 92 cents on the dollar. The credits could then be sold to the state for 100 percent of their value with the profit being applied to the state employees' retirement fund deficit.

Reinstated disclosure requirements and penalties asked for in the administration's original bill.

Increased the exploration credit for new wells to 30 percent and 40 percent based on the distance from existing wells and infrastructure.

Contact Washington correspondent R.A. Dillon at

dcnews@newsminer.com.

Unknown

From: gov.sarah@yahoo.com
Sent: Monday, November 05, 2007 5:43 AM
To: Galvin; Patrick S (DOR); Tibbles; Michael A (GOV); Balash; Joseph R (GOV); Kelly; Russell T (GOV)
Cc: Irwin; Tom E (DNR); Rutherford; Marty K (DNR); PARNELL; S (GOV sponsored)
Subject: Fw: Juneau Empire

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altering the tax system for the second time in as many years could harm investment on the North Slope at times of declining oil production.

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Increased the exploration credit for new wells to 30 percent and 40 percent based on the distance from existing wells and infrastructure.

Contact Washington correspondent R.A. Dillon at dcnews@newsminer.com.

Unknown

From: gov.sarah@yahoo.com
Sent: Monday, November 05, 2007 5:35 AM
To: Fagerstrom; Erika (GOV)
Cc: Todd
Subject: Fw: Bed

Hi erika. Did you get this email?

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: gov.sarah@yahoo.com

Date: Sat, 3 Nov 2007 15:31:25

To:"Erika Fagerstrom" <erika.fagerstrom@alaska.gov>

Subject: Bed

Thanks Erika.

I misunderstood and didn't realize the bed was already in the cedar closet. Yes, see what it would take to get the power extension there... it shouldn't take much and should be compared to a situation such as during this renovation had we had a need for a dryer to be placed upstairs instead of in this guest bathroom- what would that extension take? I just don't want Linda making a big deal out of this- and don't want family requests to be made public in any way as they had through Stephanie. Thanks!

Sent from my BlackBerry® device from Cellular One

Unknown

From: gov.sarah@yahoo.com
Sent: Monday, November 05, 2007 1:47 PM
To: Anders; Bruce F (DNR); Rutherford; Marty K (DNR)
Cc: Leschper; Beth (GOV); Leighow; Sharon W (GOV)
Subject: Re: Pt Thompson

Thanks!

------Original Message------

From: Bruce Anders

To: Governor Sarah Palin

To: Marty Rutherford

Cc: Beth Leschper

Cc: Sharon Leighow

Sent: Nov 5, 2007 1:42 PM

Subject: RE: Pt Thompson

Roger that, one of us will get back to him today. Beth, could you forward me his address?

Thanks,

Bruce

-----Original Message-----

From: gov.sarah@yahoo.com [mailto:gov.sarah@yahoo.com]

Sent: Monday, November 05, 2007 1:41 PM

To: Rutherford, Marty K (DNR); Anders, Bruce F (DNR)

Cc: Leschper, Beth (GOV); Leighow, Sharon W (GOV)

Subject: Pt Thompson

Hi Marty/Bruce:

Could someone email R.A. Dillon re: any update on Pt. Thompson. I was just interviewed by him- didn't have any answer on timing of ruling- said you'd touch base with him. Thanks!

Beth can get email addy for you- Sharon's stuck in Sitka.

Sent from my BlackBerry(r) device from Cellular One

Sent from my BlackBerry® device from Cellular One

Unknown

From: Frye, Ivy J (DOA) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=IJFRYE]

Sent: Monday, November 05, 2007 8:41 AM

To: gov.sarah@yahoo.com

Subject: GtG

I watched your team all day yesterday—I thought Galvin did a great job fielding questions for over 12 hours. Will be interesting to watch the FIN Committees. Keep up the good work these last 10 days—you guys are doing great!

Unknown

From: Bailey, Frank T (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=FTBAILEY]
Sent: Monday, November 05, 2007 10:39 AM
To: 'gov.sarah@yahoo.com'
Subject: FW: RCA Task Force Member-Dianne Kiesel

Governor,

For some reason this email I forwarded this morning was kicked back...hopefully you receive it this time.

Thanks!

F

-----Original Message-----

From: Bailey, Frank T (GOV)

Sent: Monday, November 05, 2007 8:57 AM

To: 'gov.sarah@yahoo.com'

Subject: Fw: RCA Task Force Member-Dianne Kiesel

Governor,

Is Anna Kim ok to go forward with the 3 members of the HCR8 - RCA task force to evaluate RCA Commissioner salaries and job descriptions.

The 3 folks put forward are

Law - Craig Tillery

DCCED - Ted Leonard

Personnel - Dianne Kiessel/Dep Dir Personnel

Thanks much.

F

----- Original Message -----

From: Kim, Anna C (GOV)

To: Bailey, Frank T (GOV)

Cc: Tibbles, Michael A (GOV)

Sent: Mon Nov 05 08:44:25 2007

Subject: RCA Task Force Member-Dianne Kiesel

Good Morning,

I am just following up about the latest on the decision to appoint Dianne Kiesel to the RCA taskforce. As you recall, she is the last member to make the administration's appointments complete.

Anna

Anna Kim

Special Staff Assistant

Office of the Governor

Unknown

From: Frye, Ivy J (DOA) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=IJFRYE]

Sent: Monday, November 05, 2007 11:40 AM

To: gov.sarah@yahoo.com

Subject: Mike Kelly

Did you hear his comments on GtG during the House press availability going on right now? Mike is 100% in your corner!

Unknown

From: Frye, Ivy J (DOA) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=IJFRYE]

Sent: Monday, November 05, 2007 11:40 AM

To: gov.sarah@yahoo.com

Subject: Mike Kelly

Did you hear his comments on GtG during the House press availability going on right now? Mike is 100% in your corner!

Unknown

From: Fagerstrom, Erika (GOV) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=EFAGERSTROM]

Sent: Monday, November 05, 2007 2:40 PM

To: Sarah Palin

Subject: RE: Dinner

Thank you- enjoy your pizzas!

Erika Fagerstrom
Executive Residence Manager
Governor's House
State of Alaska, Office of the Governor
716 Calhoun Avenue, Juneau, Alaska 99801
Phone: 907-465-3500; Fax: 907-465-2031

From: Sarah Palin [mailto:gov.sarah@yahoo.com]
Sent: Monday, November 05, 2007 2:37 PM
To: Fagerstrom, Erika (GOV)
Subject: RE: Dinner

thanks! i'm sure it'll be great so if it's convenient an account there would be fine.

thanks erika,
SP

"Fagerstrom, Erika (GOV)" <erika.fagerstrom@alaska.gov> wrote:

> You'll have 4 large pizzas from Bullwinkles today at 5:00pm.
>
> We don't have an account there, so rather then calling Admin. Services to request a check... I talked to Janice and she'll put it on the office card. If you like Bullwinkles, let me know and I can look into having an account set-up or maybe they'd give me a card for things like this.
>
> Erika Fagerstrom
> Executive Residence Manager
> Governor's House
> State of Alaska, Office of the Governor
> 716 Calhoun Avenue, Juneau, Alaska 99801
> Phone: 907-465-3500; Fax: 907-465-2031
>
> -----Original Message-----

From: gov.sarah@yahoo.com [mailto:gov.sarah@yahoo.com]
Sent: Monday, November 05, 2007 1:47 PM
To: Fagerstrom, Erika (GOV)
Subject: Re: Dinner

Another thing- at 5pm we want to have pizza for ACES team. We were originally going to do this at the house but they can't sneak away from the capitol during hearing... So can you order four Large pizzas from somewhere good (I hear Bullwinkles is good but I haven't tried it) and ask them to deliver to third floor capitol. If we don't have an account there, I have a state credit card but don't know how we're supposed to pay for something like that. Thanks!
Sent from my BlackBerry® device from Cellular One

-----Original Message-----
From: gov.sarah@yahoo.com

Date: Mon, 5 Nov 2007 22:33:07
To:"Erika Fagerstrom"
Subject: Re: Dinner

Steak! Thanks!
Sent from my BlackBerry® device from Cellular One

-----Original Message-----
From: "Fagerstrom, Erika (GOV)"

Date: Mon, 05 Nov 2007 13:07:29
To:gov.sarah@yahoo.com
Subject: Dinner

Would you like a steak, chicken or halibut for tonight? I hate to bother you; just want to make sure you're not neglected. :) We're here to serve!!

Erika Fagerstrom
Executive Residence Manager
Governor's House
State of Alaska, Office of the Governor
716 Calhoun Avenue, Juneau, Alaska 99801
Phone: 907-465-3500; Fax: 907-465-2031

Unknown

From: Lloyd, Denby S (DFG) [/O=SOA/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=DSLLOYD]

Sent: Monday, November 05, 2007 6:23 PM

To: 'Dwight Kramer'

Cc: Wagoner; Tom (LAA); Governor Sarah Palin (GOV sponsored); 'John Hilsinger'; Swanton; Charles O (DFG); Marcotte; Jim R (DFG)

Subject: RE: KAFC 08 UCI BOF Process Letter

Dwight:

I appreciate your comments regarding BOF process; many of your suggestions warrant consideration.

I do need to correct a misapprehension of yours however. Your letter indicates that I, and a couple division directors, promised that "the reports [from the department to the Board of Fisheries] would be completed by Dec. 1, 2007 and at the latest 30 days prior to the BOF meeting" and that you've now been informed that they will not be available prior to mid-January.

Actually, my commitment to you and other interest groups in Cook Inlet was that two specific reports (on sockeye overescapement and on sockeye genetic stock identification) and likely the Cook Inlet salmon escapement goal review, would be available by December 1. Our intention still is to have those reports completed and available to the public by December 1. As for more standard reports to the BOF, those are being prepared and distributed according to general BOF protocols, with which I understand you have concern but which were not part of our commitments regarding the special reports identified above. If you would have checked with staff or me prior to sending out your letter, you would have been assured as much.

If you have any other questions, please let us know.

Take care, DL.

Denby S. Lloyd
Commissioner
Alaska Department of Fish and Game
P.O. Box 115526
Juneau, AK 99811-5526
907-465-4719

From: Dwight Kramer [mailto:dwlmar@gci.net]
Sent: Monday, November 05, 2007 5:05 PM
To: Marcotte, Jim R (DFG)
Cc: Wagoner, Tom (LAA); Governor Sarah Palin (GOV sponsored); John Hilsinger; Swanton, Charles O (DFG); Lloyd, Denby S (DFG)
Subject: KAFC 08 UCI BOF Process Letter

Dear Mr. Marcotte,

I have attached an advanced copy of a letter to BOF Chairman Morris and the Board. This letter outlines concerns that our organization, Kenai Area Fisherman's Coalition, has regarding process matters relating to the upcoming 08 UCI meeting. We are planning on attending the LCI meeting this month and would like to discuss and clarify these issues with Chairman Morris, Board members, yourself and department staff at their's and your convenience.

Thank you for the opportunity to present these concerns to the Board.

Dwight Kramer
KAFC Chairman 283-1054

Byers, Gail Y (LAW)

From: Dwight Kramer [dwimar@gci.net]
Sent: Monday, November 05, 2007 5:05 PM
To: Marcotte; Jim R (DFG)
Cc: Wagoner; Tom (LAA); Governor Sarah Palin (GOV sponsored); John Hilsinger; Swanton; Charles O (DFG); Lloyd; Denby S (DFG)
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KAFC Chairman 283-1054

KENAI AREA FISHERMAN'S COALITION

PO Box 375 Kenai, Ak. 99611 * (907) 283-1054 * dwimar@gci.net

Board of Fisheries
ADF&G / Board Support
P.O. Box 115526
Juneau, Alaska. 99811-5526

Nov. 3, 2007

Dear Chairman Morris,

In preparation for the upcoming 08 UCI Board of Fish (BOF) meeting, Kenai Area Fisherman's Coalition would like to express our concerns about the BOF process and preparation materials for that meeting. Our concerns revolve around the following; 1) timeliness of Department reports; 2) the advisory committee process; 3) omission of data and reports from the Department; 4) committee process and 5) deliberations and new material submissions.

Our group is largely made up of retired fisheries scientists and our value to the BOF and advisory boards is based on our ability to analyze data, provide feedback to the ADF&G and assist in clarifying reports and information. Our effectiveness in assisting the BOF relies on adequate time for review.

In meetings with Commissioner Lloyd and Department directors we were informed that the reports would be completed by Dec. 1, 2007 and at the latest 30 days prior to the BOF meeting. We have recently been advised that most of the reports would not be available prior to mid-January. This as unacceptable to our group, and we assume to other groups involved in finding solutions to Upper Cook Inlet fishery issues.

The advisory committee process is seriously compromised by this lack of data. They will be making recommendations without factual data to base decisions on. In fact, some of the advisory committees are meeting right now and have no data before them. How can the advisory committees make good recommendations when Department staff is not in full agreement on the data? Discussions are on-going on the impacts of large escapements, the status of Susitna River sockeye, the harvest of Susitna River fish in the commercial fisheries, the status of escapement goals, the legal ramifications of making windows a priority over all escapement goals, and ADF&G comments on the proposals.

We are concerned that the reports listed by ADF&G for presentation to the BOF are not complete. We noticed that ADF&G has no report scheduled for the status of stocks in UCI, especially coho salmon; no report on the status of habitat degradation in the Kenai River from recreational use, including the personal use fishery (this is required in regulation); and no report on the findings of the starvation investigation of Kenai River sockeye salmon juveniles.

Our organization is very concerned about the committee process and flow of information to all of the BOF members. It is our experience that significant information is presented at the committee level and yet this information is rarely transmitted to the full BOF. Written reports are not complete and there is no tape record of the meetings to validate what is in the written committee reports.

We also have observed committee members misstate what the committee said or omit data that the committee had before it in their presentations. Therefore, we would like the BOF to meet in full on the important UCI issues and solve them via deliberation before the committees meet. These include: 1) proposals that deal with escapement goals and whether they will be a priority for UCI management and 2) proposals that restrict the flexibility of ADF&G in management of the fisheries (fixed windows and time limitations) – these proposals would reduce the adaptive management flexibility of ADF&G.

The last area of concern has to do with last minute proposals or compromises that are brought before the Board during the deliberation process. This occurred in both the 2002 and 2005 meetings. It allowed for select special interest groups to get their most precious issues passed into regulation without having to go through the proposal/comment and committee process.

In 2002 it was the Kenai River Sport Fishing Association's (KRSA), Kenai River early run Chinook catch and release regulation change that was subsequently overturned because of public outcry.

In 2005 KRSA and United Cook Inlet Drift Association (specific to drift gill net regulations and consequences only) brought a brand new proposal to the BOF during the meeting that authorized a re-allocation of hundreds of thousands of sockeye salmon, lowered the escapement goals in the Yentna River, raised the Kenai escapement goal by 50,000 and established a presumptive 36 hour window on a segment of the commercial set net fishermen. This was done without any advisory committee review or public comment. The proposal was brought to the BOF and passed in less than 30 minutes. This was an unethical action on part of the BOF and compromised the sense of any public process for that meeting.

We realize that there will be some alterations to regulations or proposals toward the end of the deliberation process. However, we would request that the BOF hold in abeyance (at least 24 hours) any new regulation generated by the BOF that is significantly different from the published proposals. During this 24 hours period we would request that ADF&G staff review the proposal for management concerns and the BOF allow the public to submit comments on the proposal via the RC process prior to any action by the BOF.

We hope you will give these matters careful consideration. Thank you for your consideration in these matters.

We will be in attendance at the Lower Cook Inlet meeting if you would like to discuss these concerns in more detail.

Dwight Kramer, KAFC Chairman

Cc: Denby Lloyd, Commissioner of ADF&G
John Hilsinger, COMFISH Director
Charles Swanton, Sport Fish Director
Jim Marcotte, Director of Board Support
Gov. Sarah Palin, Office of the Governor
Tom Wagoner, Alaska State Senate

Byers, Gail Y (LAW)

From: Commission, Boundary (CED sponsored) [lbc@alaska.gov]
Sent: Monday, November 05, 2007 10:12 AM
To: Jon Bolling; Jollie; Tara L (CED)
Cc: Palin; Sarah H (GOV); Kookesh; Albert (LAA); Thomas; Bill (LAA); Smith; Lynne M (GOV); Notti; Emil R (CED); Vandor; Marjorie L (LAW); Bockmon; Julia B (LAW)
Subject: RE: Attached Letter

Mr. Bolling:

Your email and attachment has been received and forwarded to the Director and her assistant as 8:30 am this morning.

From: Jon Bolling [mailto:jbolling@aptalaska.net]
Sent: Sat 11/3/2007 5:31 PM
To: Jollie, Tara L (CED)
Cc: Palin, Sarah H (GOV); Kookesh, Albert (LAA); Thomas, Bill (LAA); Smith, Lynne M (GOV); Commission, Boundary (CED sponsored); Notti, Emil R (CED); Vandor, Marjorie L (LAW); Bockmon, Julia B (LAW)
Subject: Attached Letter

Dear Ms. Jollie,

Please see attached letter regarding KGB Annexation Petition.

Jon Bolling
Craig City Administrator

November 3, 2007

Via Fax, e-mail, US Mail

Ms. Tara Jollie
State of Alaska
Department of Commerce, Community & Economic Development
550 W. 7th Ave, Sute 1770
Anchorage, AK 99501-3510

Dear Director Jollie:

Thank you for your letter dated October 31, 2007. While we appreciate your prompt reply we are disappointed by the tone of your letter and your unwillingness to take all steps necessary to insure that the Local Boundary Commission process is fair to all and comports with the constitutional principles of due process. We are most concerned that your letter raises more questions than answers. The purpose of this letter is to reply to the points raised in your letter, in the order in which they appear.

As a starting point, your letter inaccurately states that we submitted a "conflict of interest claim" against Mr. Bockhorst. You are mistaken. Our letter provided a factual background demonstrating "an apparent conflict of interest." We requested a "full investigation" into the "appearance of a direct and serious conflict of interest." Our language was purposeful in avoiding a conflict of interest accusation because we do not know if such a conflict exists; instead we pointed out that one is apparent and merits both recognition by the State of Alaska and an appropriate response. Your response does not acknowledge the appearance, nor provide an appropriate response. Further, we did not accuse Mr. Bockhorst of unethical conduct under the State Ethics Act. The "appearance of improprietary" is a fundamental notion in a democratic society. The citizens of this democracy have a fundamental right to decisions by its courts and quasi-judicial agencies, such as the LBC, that are free from the appearance of impropriety.

We requested a "full, open, and thorough" investigation into "an apparent conflict of interest" in this matter. Your letter does not comprise a "full" investigation; it surely does not demonstrate an "open" investigation; and we would describe it as minimal, rather than thorough. We are saddened that this Administration has so little concern for the sixteen communities and twelve *school districts who will lose $1,200,000 per year in school funding if the KGB Petition is* approved that all it provides in response to our concern is your letter of October 31, 2007. If your letter means the Governor is unwilling to conduct an full, open, and thorough investigation of the circumstances surrounding the complete reversal of DCCED/DCRA's position on the KGB Petition from its position in 1998, reflected in the 117 page Preliminary Report authored by

Mr. Bockhorst, the now Borough Manger for KGB, the people of Prince of Wales have the resolve not to be steamrolled by DCCED and the LBC We will, if necessary, request the court to intervene and insure a fair process consistent with the constitutional principles of due process.

Because your letter attempts to place unsubstantiated information into the LBC record by copying your letter to the LBC, we will address the points in your letter and will similarly copy the LBC with our response. Further, as you were well aware, our letter to the Governor was not copied to the LBC. It is not clear whether you provided the LBC with a copy of our October 19, 2007 letter to the Governor, along with your response. Accordingly we are attaching a copy of our original letter and your response to become part of the official record.

Your letter states that: "I carefully reviewed DCRA records to compare the actions on record with the allegations made in your letter in order to provide you with at thoughtful reply." Please identify what DCRA "records" you reviewed and provide us with a copy of those records. We assume you would agree that if your investigation is supposed to be the "full, open, and thorough" investigation we requested, you will not hesitate to provide us with the records you relied upon in writing your letter.

In our letter of October 19, 2007 we summarized for the Governor, DCCED's recommendation against the KGB petition authored by Mr. Bockhorst in 1998. The recommendation against the Petition does not provide any "disclaimer" that it does not reflect Mr. Bockhorst's personal views. We have seen nothing in the record related to the 1998 Petition and the Preliminary and Final reports indicating that Mr. Bockhorst disagreed with the "DCRA policymakers." Please provide us with copies of anything in the record related to the 1998 Petition that demonstrates that Mr. Bockhorst was in favor of the 1998 Petition, but was directed to write the Preliminary Report recommending against the Petition by "DCRA policymakers."

We disagree with your statement that "Mr. Bockhorst does not make policy." When the petition to form the Skagway Borough was pending, then-Governor Murkowski held a press conference in Skagway and stated his full support for the Skagway Borough Petition, and stated the administration would help support that Petition through the LBC process. Mr. Bockhorst wrote at least three reports for two different LBC hearings recommending against the formation of the Skagway Borough. He wrote those reports and fought the formation of the Skagway Borough, using the budget and other resources of the DCCED, despite the public policy statement of the Governor. Mr. Bockhorst apparently did not follow the "policymakers," but apparently rather his own personal views, in fighting the people in Skagway. Fortunately, for the people in Skagway, and for the State as a whole, the LBC ultimately approved the formation of the Skagway Borough.

The history of staff reports to the LBC demonstrate that those reports have consistently opposed any formation of a borough that would include an "enclave." With regard to the KGB's 1998 Annexation Petition, the LBC staff's Preliminary Report similarly recommends against the KGB Petition because it would create the enclave of Hyder. The Preliminary Report on the current Petition reverses that historic DCCED opposition to the formation of enclaves. This supports our concern that there is the appearance of a conflict. It also raises the question as to who changed DCCED's policy regarding enclaves. As a matter of due process, to whom can the residents of

our communities talk to determine who changed the policy and how that change of policy was communicated to LBC staff for the preparation of the preliminary report? How was the public provided an opportunity to comment on this dramatic change regarding the treatment of enclaves prior to the implementation of the new policy reflected in the preliminary report of June 30, 2007? We take no comfort in such an after the fact effort to re-interpret what is clearly a matter of public record in all the prior reports.

We are surprised that you cite to a footnote in the Preliminary Report to attempt to distance Mr. Bockhorst from the recommendation in the 1998 report. The idea that "prior administration's policy is noted clearly" in the Preliminary Report by a footnote at page 96 is remarkable. In 1998, the DCCED/DCRA, through a report written by Mr. Bockhorst, recommended against the approval of the KGB Petition because the Petition failed to meet the constitutional principles in Article X, Section 1 of the Alaska Constitution because Hyder was excluded. It is also a fact that the Preliminary Report of the DCCED/DCRA on the pending Petition, also authored by Mr. Bockhorst, recommends that the KGB Petition be approved because it satisfies Article X, Section 1 of the Alaska Constitution, even though Hyder is excluded. There is no way to mince words about it--that can only be called a complete reversal of the recommendation.

The Constitution is not a matter of "policy" that can be changed by administrations. If Governor Palin directed Mr. Bockhorst to change the constitutional policy reflected in the 1998 Report, then such a dramatic shift of constitutional "policy" would not be buried in a footnote on page 96. It would have been fully addressed in the Preliminary and the Final Reports. Please provide us with all documents demonstrating that Governor Palin's administration has directed DCCED/DCRA to change the policy of any prior administration as to the interpretation of Article X, Section 1 of the Alaska Constitution, and directed LBC staff to recommend approval of this Petition based on that change of constitutional interpretation.

We are also not comforted by your reliance on a footnote at page 96 of the Report; because, in the way that you rely upon it, the footnote appears to be an after the fact effort by its author to distance himself from the 1998 recommendation. Why would that be important for Mr. Bockhorst to do if he has no personal interest in the KGB Petition? Simply put, the footnote at page 96, and your reliance on it, has no place at all in this process, except because of the appearance of the conflict of interest of Mr. Bockhorst.

We have reviewed the Preliminary Report from 1998. There is no language indicating that "DCRA policy makers in the Knowles Administration" "as contrasted [sic] the LBC Staff Component" opposed the 1998 Petition. Why did Mr. Bockhorst find it necessary to insert "as contrasted [sic] the LBC Staff Component" in the footnote on page 96 of the 2007 report? According to you, the staff does not make policy, so it should not matter—now or then—whether Mr. Bockhorst agreed with the policy. As we noted above, he did not make any alleged "disagreement" known in any way in the 1998 Report. What is again important here is the fact that the two recommendations are directly contradictory, and only after the Borough Manager position in KGB became publicly known to be open, did Mr. Bockhorst write the footnote at page 96, which you are now apparently using to tell us Mr. Bockhorst was only doing the bidding of the "policymakers" in recommending against the Petition in 1998. If the 1998 Preliminary Report was the work of the DCRA "policymakers," and not Mr. Bockhorst, who are

the "policymakers" responsible for the 2007 Preliminary Report and Final Report? Why aren't those "policymakers" acknowledged in the 2007 Reports? Has the LBC been advised of the "policymakers" who allegedly directed the 2007 Reports?

Your letter states that we "insinuated" that the "pending KGB annexation proposal differences are attributable to the personal motives of Mr. Bockhorst." Please identify in our letter where we made such an "insinuation." We did not "insinuate" anything. Again, we provided you with simple facts. The decision by the LBC to deny the KGB petition in 1999 was squarely based on its interpretation of the Constitution. If Mr. Bockhorst does not "make policy," as you state, he surely does not make Constitutional law. If it were true that Mr. Bockhorst does not "make policy," he had an obligation to recommend against this Petition because the LBC is required to adhere to its own interpretation and application of the Alaska Constitution, as a quasi judicial body. What were his "personal motives," using your words, for recommending that the LBC reverse its previous interpretation of the Alaska Constitution?

Your letter characterizes the differences between the 1998 Petition and the pending Petition as "substantial." You then cite as your reasons for that statement:

1) the inclusion of Myers Chuck; and
2) the extensively different boundaries for the proposed Hyder enclave.

1. <u>The inclusion of Myers Chuck</u>

We are confident that the LBC in 1999 would have denied the KGB Petition if it had included Myers Chuck, but not Hyder. There is no other way to logically read that 1999 decision and the LBC's interpretation of the applicable constitutional provisions. Similarly, there is no way to read the Preliminary Report in 1998 such that it would have recommended the approval of the Petition if Myers Chuck had been included. What part of the Constitution has changed since 1998 that allows DCCED to now recommend that the LBC approve this petition, using Myers Chuck as the justification, with an area of 3.5 square miles, 14 residents, and essentially no State-provided facilities or services?

2. <u>Extensively different boundaries for the proposed enclave of Hyder.</u>

The technical and minor boundary change in the current KGB petition does not address the fundamental constitutional basis for the LBC's 1999 decision. The 1999 decision specifically states that the exclusion of Hyder violated the Alaska Constitution. The technical boundary change in this petition does not "satisfy" the constitution, rather it ensures a permanent and unresolveable Hyder enclave—the precise Constitutional reason the LBC denied the 1999 petition. The result is the State of Alaska will never be relieved of the responsibility for providing all necessary services to the proposed Hyder enclave. Such a result means that the Petition can not satisfy the statutory best interest of the State standard.

We provided a lengthy discussion of these two issues in our comments to the LBC in response to the Preliminary Report. The Final Report prepared by LBC staff failed to address <u>any</u> of the comments submitted by the City of Craig. Why did DCRA choose not to address any of our comments? The purpose of the Final Report is to address the public comments generated by the

Preliminary Report. Were our comments not worthy of response? Did DCRA decide not to provide any guidance to the LBC in its Final Report? Why doesn't DCRA and the LBC postpone the hearing and direct LBC staff to provide a complete and independent Final Report that addresses the comments and concern of the City of Craig and the Myers Chuck Community Association? Why is it important to DCRA and the LBC to approve this Petition quickly, without a full and fair opportunity to consider the constitutional interpretation issues and due process issues? In light of Mr. Bockhorst now being the KGB Manager, these are fair questions, and remain unanswered by your letter.

Your letter attempts to construct a "timeline," which we assume was included to convince us that there is no appearance of a conflict of interest. The continued advocacy by DCRA in support of the KGB Petition continues to taint the process. Are you telling us that the LBC staff assigned to the final report conducted an independent analysis of the KGB Petition, and came to the same recommendations as Mr. Bockhorst, for all the same reasons, and that in doing this independent analysis, the comments from the City of Craig and Myers Chuck Association were not even worthy of response? Do you not see the appearance of the conflict with staff who are subordinate to Mr. Bockhorst doing the Final Report while he is actively seeking the Borough Manager job? Isn't it an appearance of a conflict of interest that DCRA and its employees did not have the independence to be able to make a recommendation contrary to Mr. Bockhorst's preliminary report, because to do so could jeopardize his chance of being named the Borough Manager?

We wrote in our comments to the LBC in response to the Preliminary Report:

> "The LBC has two choices. It can reject the recommendation of the LBC staff, and deny the Petition because that would be the factually and legally correct decision. The denial of the Petition would be consistent with the Constitutional principles the LBC is obligated to uphold and apply. The denial of the Petition will be consistent with the 1999 Decision.
>
> The second choice is for the LBC to remove the Preliminary Report from the record and to retain an independent consultant to prepare a report not tainted with the appearance of bias and conflict of interest enveloping this Preliminary Report." (Comments on Behalf of the City of Craig and the Prince of Wales Community Advisory Council, p. 17)

Why were these two choices not addressed at all in staff's Final Report? Please explain to us who made the decision not to have an independent person do the Final Report? Why are you continuing to refuse to have an independent person, untainted by the appearance of a conflict of interest, do a Final Report for the LBC? Your timeline offers no explanation for the continued involvement of Mr. Bockhorst's subordinates in the preparation of the Final Report.

Going through your timeline, you indicate that Mr. Bockhorst spoke with the "former DCRA Director" about "policy" on March 26, 2007. Please tell us who that was, and provide us a copy of any memorandum, report, or notes related to that "discussion."

Your timeline, then, does not include any reference to relevant events until June 28, 2007. We take this as your acknowledgment that the KGB Manager position was publicly reported to be

open before June 30, 2007, consistent with our letter to the Governor and our comments to the LBC. What is also missing is mention of any communications between Mr. Bockhorst and the KGB, specifically the former manager. Were there any? Did you review those communications? Did you review the e-mails between Mr. Bockhorst and KGB personnel or representatives? If you did not, why not? We request copies of all correspondence and e-mails between Mr. Bockhorst and any KGB employee, Borough Assembly member or other Borough representative for the period between March 26, 2007 and November 7, 2007.

At the beginning of your letter, you note that your letter is a "thoughtful reply." We assume then that you were being "thoughtful" when you carefully chose the words that Mr. Bockhorst "first became aware of the recruitment for the position on July 31." When he became aware the position was open and when the Borough published a recruitment bulletin are different events. Whether there is an appearance of a conflict is unrelated to when Mr. Bockhorst "became aware of the recruitment." What were the communications, including e-mails, between LBC staff and KGB representatives, from June, when the Borough Assembly publicly accepted the borough manager's resignation, until August 1, 2007? Did you review those communications? Mr. Bockhorst told the Ketchikan Daily News that he was aware of the vacant manager position during the weekend of July 28, 2007. Why the discrepancy between your "timeline" and the newspaper account?

Your timeline refers to a memorandum from Mr. Bockhorst to "the Department Ethics Supervisor" on August 1, 2007. In the interest of fairness and "transparent" government, which Governor Palin has repeatedly stressed in her administration, please provide us a copy of that memorandum and any response from the ethics supervisor.

Your timeline fails to note a lengthy conversation Mr. Bockhorst had on July 31, 2007 with a representative of the Myers Chuck Community Association regarding the KGB Petition. Mr. Bockhorst advised the representative that Myers Chuck should make the case that it has at least as good a case as Hyder for being an enclave. By taking this approach, Myers Chuck would not support inclusion in the Wrangell Borough, as originally expressed by Myers Chuck and reflected in the Wrangell Petition. Did he recuse himself before or after this call? Did you review the records of this call? Mr. Bockhorst told the representative that he had a clock on his desk and that he had just given her 34 minutes of technical assistance. Myers Chuck accepted Mr. Bockhorst's "technical assistance" as reflected in its the association's comments to the LBC. Myers Chuck even obtained the agreement of the KGB for that position. As you know, the Final Report prepared by Ms. McPherson dismissed the proposal of Myers Chuck to be an enclave like Hyder as "clearly unsupported by the facts." The absence of any effort at analysis in the Final Report, after this call with Mr. Bockhorst, raises the appearance of a conflict.

In your concluding paragraph you state there are "discrepancies between the assertions in ... [our] letter and the facts on record." We have not seen the "record" of which you speak. In an often used cliché, the 1998 Preliminary Report, the 1999 Decision, the 2007 Preliminary Report, and the 2007 Final Report "speak for themselves." The irrefutable facts are that the 2007 Preliminary Report advocates for the LBC to interpret the Alaska constitution in a manner diametrically opposite what was advocated by DCCED in the 1998 Preliminary Report, and completely contrary to the decision of the LBC in 1999 on the KGB Petition. It is also a fact that

during this process Mr. Bockhorst applied for and eventually became the KGB Borough Manager. We did not make "assertions." We began by asking the LBC to retain an independent consultant to complete the Final Report. When that was not done, and the Final Report ignored the comments of Craig, and ignored the apparent conflict of interest, we appealed to the Governor because she has expressed a commitment to open government.

In addition to your letter, we received a letter from Ms. Bockmon in the Department of Law, stating in essence, that, based on your letter, Mr. Bockhorst did not violate the Ethics Act. We did not "assert" or "insinuate" or "complain" of any Ethical Act violation, so we are not clear why we received this letter from Ms. Bockmon. Why was Ms. Bockmon directed to treat our letter as an Ethics Act complaint?

However, since you or someone in the Administration referred our letter to the Department of Law under the Ethics Act, it may be instructive to review the purpose of the Ethics Act in light of your letter.

A.S. 39.52.010 states as the policy of the Act:

a) It is declared that
(1) high moral and ethical standards among public officers in the executive branch are essential to assure the trust, respect, and confidence of the people of this state;
(2) a code of ethics for the guidance of public officers will
(A) discourage those officers from acting upon personal or financial interests in the performance of their public responsibilities;
(B) improve standards of public service; and
(C) promote and strengthen the faith and confidence of the people of this state in their public officers;
(3) holding public office or employment is a public trust and that as one safeguard of that trust, the people require public officers to adhere to a code of ethics;
(4) a fair and open government requires that executive branch public officers conduct the public's business in a manner that preserves the integrity of the governmental process and avoids conflicts of interest...

Do you mean to tell us by your letter that the people of this State should have a high degree of "trust, respect, and confidence" in DCCED that it has acted fairly, openly, and in the best interests of the people of this State with regard to the KGB Petition? Do you mean to tell us that LBC staff's actions, and the refusal of DCRA to retain an independent consultant, and your letter refusing to conduct an investigation of the appearance of a conflict of interest "promotes and strengthens the faith and confidence of the people of this state in their public officers?" Do you mean to tell us that LBC staff conduct, and that of DCRA, is evidence of a "fair and open government?" Do you mean to tell us that Mr. Bockhorst and DCRA have approached the KGB Petition in a manner that "preserves the integrity of the governmental process and avoid conflict of interest?" If so, we would agree and urge the Department and the LBC to review the current KGB Annexation Petition process to date in that light

We will continue our pursuit of what is right. In a democracy, an open and fair process is fundamental to the trust and confidence of the people. There is no place for even the appearance of a conflict of interest. When an appearance of a conflict of interest arises, the government has an obligation to restore the trust and confidence of the people by taking steps to avoid the appearance of a conflict of interest.

If the LBC adopts Mr. Bockhorst's recommendation, and no independent report is prepared for the LBC, which addresses the comments of Craig, Myers Chuck, and the many others who submitted comments to the Preliminary Report, the people in the unorganized borough in Southeast Alaska will have been denied due process.

In light of the significance to the affected communities and school districts in the unorganized borough, and given the fact that you provided a copy of your October 31, 2007, letter to the LBC, we specifically request the following information, pursuant to AS 40.25.110:

1. All drafts of your October 31, 2007 letter, identifying all current and former LBC staff, who participated or reviewed any of those drafts.
2. All communications, including all e-mails between yourself and any other state employee, with Mr. Bockhorst between October 19, 2007 and October 31, 2007.
3. All DCCED records you reviewed.
4. All records showing that LBC staff was in favor of the KGB 1998 annexation petition.
5. All records from "DCRA policymakers" directing LBC staff to write the preliminary report in 1998 recommending that the LBC deny the KGB annexation petition.
6. All records from any current "DCRA policymakers" to LBC staff regarding the preparation of the Final Report on the current KGB annexation petition.
7. All communications, including e-mails, from all current or former LBC staff persons with Ms. McPherron or any other staff member assigned to prepare the Final Report.
8. Any memorandum, reports, notes, and e-mails. related to the discussion on March 26, 2007 between Mr. Bockhorst and the "former DCRA director".
9. The memorandum from Mr. Bockhorst to the department Ethics Supervisor of August 1, 2007, and the department supervisor's response; and any other communication with the department's ethics supervisor.
10. Any notes, reports, memoranda, and e-mail by Mr. Bockhorst related to his July 31, 2007 conversation with representatives of the Meyers Chuck Community Association.
11. All communications, including e-mails, between any KGB employee, assembly member, or representative between March 26, 2007 and November 7, 2007.
12. The file, including notes and all e-mails, from LBC staff members, from the 1998 and 2007 KGB annexation petitions.

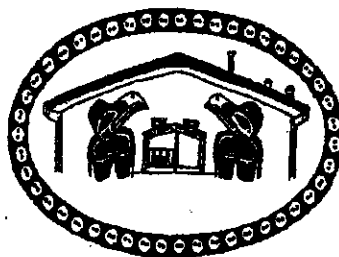
In addition to providing us copies the above records, we request that all the above documents be made a part of the official record of the pending KGB annexation petition.

There is still time for DCRA and the LBC to do the right thing and either deny the KGB Petition, or postpone the hearing until an independent report is prepared. If not, we are prepared seek the assistance of the Court.

Sincerely,

Jon Bolling
City Administrator

Attachments

Cc w/attachments: Governor Palin
Lynne Smith
Local Boundary Commission
Emil Notti
Mark Davis
Marjorie Vandor
Julia Bockmon
Senator Kookesh
Representative Thomas
Carol Brown
Millie Stevens
Jim Van Altvorst, Van Altvorst & Associates
Robert P. Blasco, Robertson, Monagle & Eastaugh
Prince of Wales Community Advisory Council

CRAIG COMMUNITY ASSOCIATION

October 19, 2007

Governor Sarah Palin
PO Box 110001
Juneau, AK 99811-0001

Re: Conflict of Interest of Dan Bockhorst Regarding Ketchikan Gateway Borough Annexation Petition

Dear Governor Palin:

We write you with the utmost concern for the appearance of impropriety that pervades the Local Boundary Commission process related to the Ketchikan Gateway Borough Annexation Petition. We write you because we sincerely believe that the people of this State, and in particular the small communities and school districts of Southeast Alaska, are being denied due process and fair treatment directly resulting from an apparent conflict of interest involving Mr. Dan Bockhorst.

Mr. Bockhorst is the senior local government specialist in your administration assigned as the staff to the Local Boundary Commission. On June 30, 2007, Mr. Bockhorst completed a 117 page Preliminary Report recommending that the LBC approve the KGB Annexation Petition. Shortly after completing his report, Mr. Bockhorst applied for the vacant KGB Borough Manager position. On October 13, 2007, KGB hired Mr. Bockhorst as its new Borough Manager under a five-year contract, effective November 1, 2007. He will start with a salary of $110,000, going up to $121,000 in two years.

We have attached the response of the City of Craig to the Preliminary Report of Mr. Bockhorst. The importance of a conflict of interest is easily demonstrated. On April 16, 1999, the Local Boundary Commission denied the Annexation Proposal of the Ketchikan Gateway Borough because "the proposal fails to serve all the relevant principles established in the Constitution of the State of Alaska." (Statement of Decision, 1999, p. 14) The reason the Petition violated the Alaska Constitution was because the Petition sought to annex a large area of uninhabited land, while not annexing the only community in that area—Hyder. The reason for annexing the uninhabited land in 1999 was to obtain a significant increase in forest receipts from the federal government. By excluding Hyder, KGB would obtain the forest receipts and not have to provide any services to anyone actually living in the area being annexed.

(907) 826-3275 • Fax (907)826-3278 • www.craigak.com • PO Box 725, Craig, Alaska 99921

Mr. Bockhorst prepared the Preliminary Report in 1998 recommending that the LBC reject the KGB petition because it excluded Hyder, and he specifically pointed out the unfairness of KGB obtaining a significant increase in forest receipts without having to provide any services. The unfairness directly impacts the City of Craig, sixteen communities, and twelve school districts in the unorganized borough in Southeast Alaska, who stand to lose a combined $1.2 million each year if the annexation is approved. To the extent that KGB can annex land currently in the unorganized borough, the current forest receipts of the communities and school districts in the unorganized borough will be reduced dramatically in proportion to the land annexed by KGB. Mr. Bockhorst also stated in his 1998 recommendation to reject the Petition that the annexation without Hyder would violate the Alaska Constitution.

KGB submitted the pending Petition in 2006. As it did in 1998, this Petition excludes Hyder. If the Petition is approved by the LBC, KGB will receive an additional $1,200,000 in forest receipts per year.

After KGB announced the vacancy of its Borough Manager position, Mr. Bockhorst submitted his report to the LBC completely reversing his recommendation of 1998. Although nothing had changed, he now stated to the LBC that the Constitutional had sufficient "flexibility" to allow KGB to annex the uninhabited land and exclude Hyder. Shortly after submitting that report, he applied for the KGB Borough Manager position.

The LBC scheduled the public hearing on the KGB Annexation Petition for November 6, 2007, and scheduled the decisional meeting on that Petition for November 7, 2007. We respectfully request that you immediately:

1. Direct the LBC to cancel the public hearing until the Attorney General can conduct a full investigation into the apparent conflict of interest;
2. Direct the Attorney General to conduct a full, thorough, and open investigation of the conflict of interest.

You have repeatedly stated that your administration is "transparent" and you have repeatedly stated that your administration will not tolerate any appearances of impropriety or conflicts of interest. We have to trust that you will recognize the seriousness of this situation and honor your commitment to the people of the State. This is especially true when you consider that the final report on the proposed annexation does not address the concerns we raised about the preliminary report.

We truly cannot believe that you will allow the LBC to go forward on this Petition without conducting a full investigation into these circumstances. We request that you consider the

devastating impact on the school children in the unorganized borough of the loss of $1,200,000 per year in school funding, which cannot be allowed constitutionally or under the unquestionable appearance of a direct and serious conflict of interest.

We look forward to your prompt action and response in light of the pending LBC hearing on November 6, 2007.

Jon Bolling
City Administrator

Millie Stevens
Tribal President, Craig Community Assn.

Sarah Palin, Governor
Emil Notti, Commissioner
Tara Jollie, Director

October 31, 2007

Mr. Jon Bolling, City Administrator
City of Craig
P.O. Box 725
Craig, Alaska 99921

Dear Mr. Bolling:

As Director of the Division of Community and Regional Affairs (DCRA) which provides staff support for the Local Boundary Commission, I was asked to respond to your letter of October 19, 2007. This letter alleges a conflict of interest on the part of Dan Bockhorst, DCRA lead state staff to the Local Boundary Commission. Your letter claims Mr. Bockhorst's role in the pending Ketchikan Gateway Borough (KGB) annexation proceedings, past and present, and his recent appointment as KGB Manager offered to him October 13, 2007, substantiate your conflict of interest claim against him.

Your letter also asks that the Governor direct the Attorney General to investigate this conflict of interest claim, as well as direct the Local Boundary Commission to cancel its November 6, 2007, public hearing on the Ketchikan annexation proposal until the Attorney General's investigation is complete.

I carefully reviewed DCRA records to compare the actions on record with allegations made in your letter in order to provide you with a thoughtful reply. I also wanted to determine if DCRA had anything in our records that supports the statements in your letter and/or supports your request for an official investigation and cancellation of the Ketchikan annexation proposal public hearings scheduled for November 6, 2007.

Your letter asserts that (1) after KGB announced the vacancy of its Borough Manager position, Mr. Bockhorst submitted his report to the LBC completely reversing his recommendation of 1998. You also claim that (2) although nothing had changed, Mr. Bockhorst now stated to the LBC that the Constitution had sufficient flexibility to allow KGB to annex the uninhabited land and exclude Hyder. You further claim that (3) shortly after submitting that report, he applied for the KGB Borough Manager position. These statements are not based on facts. DCRA records clearly show the following:

550 W. 7th Avenue, Suite 1770, Anchorage, Alaska 99501-3510
Telephone: (907) 269-4501 Fax: (907) 269-4539 Text Telephone: (907) 465-5437
Email: questions@commerce.state.ak.us Website: http://www.commerce.state.ak.us/dca/

Regarding assertions (1) and (2) which discuss a recommendation in the 1998 proposal that is different in the current proposal, and your assertion that Mr. Bockhorst completely reversed his 1998 recommendation to the LBC. These assertions are not true. It is important to note that the 1998 recommendation reflected the policy direction of a prior administration. Staff, including Mr. Bockhorst, does not set policy. The prior administration's policy is noted clearly in the *DCCED Preliminary Report to the Local Boundary Commission Regarding the Petition for Annexation of Approximately 4,701 Square Miles to the Ketchikan Gateway Borough*, June 30, 2007, p. 96, n. 67.

> "DCRA policy makers in the Knowles Administration (i.e., the Office of the Commissioner and the Director, as contrasted to the LBC Staff Component), opposed the prior KGB annexation proposal. Reflecting the views of the DCRA policy maker's, DCRA's preliminary report stated the following with respect to the standard at issue here:
>
> In the view of DCRA policy makers, significant adverse financial impacts on communities in the unorganized borough are a more important consideration than the constitutional principles in this particular instance."

Furthermore, contrary to your insinuation that the pending KGB annexation proposal differences are attributable to the personal motives of Mr. Bockhorst, the pending proposal is significantly different from the 1998 annexation proposal for substantial reasons including the following:

Among the important differences is the inclusion of Meyer's Chuck and extensively different boundaries for the proposed Hyder enclave. Those different boundaries for the Hyder enclave address particular concerns expressed by the Local Boundary Commission in its 1999 decision. Further, Exhibit K of the current Petition provides a thorough discussion by the Petitioner of justification for postponing the annexation of Hyder and the future circumstances which may lead to its inclusion in the Ketchikan Borough.

Regarding assertion (3) that shortly after completing the preliminary 2007 report, Mr. Bockhorst applied for the KGB Borough Manager position, our records clearly shows this timeline of events:

March 26, 2007: *Mr. Bockhorst began his analysis of the Ketchikan annexation* proposal at which point he discussed policy aspects of the proposal with the former DCRA Director.

June 28, 2007: Mr. Bockhorst's work on the 2007 preliminary report was complete and forwarded to the DCRA publications technician for formatting and publication.

July 29, 2007: *just over one month after Mr. Bockhorst completed his work on the* annexation proposal for the Department's 2007 preliminary report, the Ketchikan Gateway Borough first announced that it was recruiting for a Borough Manager.

August 1, 2007: In accordance with the Executive Branch Ethics Act, Mr. Bockhorst wrote a memorandum to the Department's Ethics Supervisor disclosing that he had an interest in applying for the Ketchikan Borough Manager position. Mr. Bockhorst stated in this memorandum that he first became aware of the recruitment for the position on July 31. In that memorandum, he recused himself with respect to any and all future dealings regarding the Ketchikan annexation proposal. Mr. Bockhorst's work regarding the Ketchikan annexation proceeding was immediately reassigned to Ms. Jeanne McPherren.

October 15, 2007: Ms. McPherren, not Mr. Bockhorst, independently prepared the 2007 final report regarding the Ketchikan annexation proposal.

To conclude, given the discrepancies between the assertions in your letter and the facts on record, I find no basis to support or recommend that the Local Boundary Commission cancel or postpone its upcoming hearing. Furthermore, I find no reason to support your request for an official investigation into a conflict of interest claim against Mr. Dan Bockhorst.

If you have any questions regarding this letter, I can be reached directly at 907-269-7959.

Sincerely,

Tara Jollie

Tara Jollie, Director

cc: Governor Sarah Palin
Lynne Smith, Special Assistant to Governor Palin
Local Boundary Commission
Emil Notti, Commissioner, DCCED
Mark Davis, Ethics Supervisor, DCCED
Marjorie Vandor, Assistant Attorney General, Alaska Department of Law

Byers, Gail Y (LAW)

From: gov.sarah@yahoo.com
Sent: Monday, November 05, 2007 6:27 AM
To: Tibbles; Michael A (GOV); Notti; Emil R (CED); Perry; Kristina Y (GOV)
Subject: Re: Fwd: Emailing: 0507.wallace-wells1.htm

K- pls send to Rhonda just as fyi

Sent from my BlackBerry® device from Cellular One

-----Original Message-----

From: Todd Palin <fek9wnr@yahoo.com>

Date: Mon, 5 Nov 2007 06:18:09

To:Kris Perry <kris_perry@gov.state.ak.us>, frank bailey <ftb907@yahoo.com>, Sarah Palin <gov.sarah@yahoo.com>

Subject: Fwd: Emailing: 0507.wallace-wells1.htm

Note: forwarded message attached.

Respond to this Article

July/August 2005

Alaska, GOP Welfare State

Sen. Ted Stevens built a welfare state for Eskimos that made defense contractors rich.

By Benjamin Wallace-Wells

Many remote places claim to be the end of the earth, but the tiny Eskimo village of Tatitlik, set in near-mythic isolation on a small beach on Alaska's Prince William Sound, has a better case than most. The village has stood for a thousand years on a small strip of sediment that has collected at the point where the Chugach Mountains soar out of the sound. There are three dirt roads in Tatitlik, which loop around the beach and connect back to one another; you can only get in or out by boat or by plane, and all supplies have to be flown or ferried in. Tatitlik has a population of 97, subsistence hunters and fishermen who live in about 30 small, irregular ranches set on wood platforms. The mountains that surround Tatitlik are, even in summer, mostly covered in snow, and as you pull into the village, they look like shards of broken eggshell, the village encased inside.

The people of Tatitlik have had a spectacularly unlucky history. In 1964, much of the population was relocated from the nearby village of Chenaga, which had been destroyed by the Great Alaska Earthquake. (Chenaga sat on what turned out to be the epicenter of the 9.2 Richter quake, the most powerful recorded tremor in North American history.) Then, in 1989, the drunk captain of the Exxon Valdez plowed his tanker into Blythe Reef, just five miles down the coast from Tatitlik. The Valdez spilled 10.8 million gallons of oil onto the seal beaches and herring runs that the villagers relied on for food. Tatitlik tried to get Alaska to use some of the compensation funds to build a small boat harbor for its fragile fishing fleet, but the state instead built massive industrial docks to accommodate clean-up tankers in the event of another spill. Those docks loom over the village's fishing boats, which look in comparison as if they've been imported from Lilliput.

Tatitlik has no stores and no on-village work, save for a handful of government jobs running its health clinic and school. The pride of the village is an old Russian Orthodox church, one legacy of the long history of Russian colonization here. Used oil drums are stacked at the east end of the town, a wrecked car at the western end, and kids, on their way to hunt, sometimes lug shotguns through the streets. Until recently, the town had five cars, but the brakes on one, a black pickup, failed a couple of weeks ago, and the villager driving it had to smash the truck against the crane at the end of the tanker dock in order to keep it from rolling into the sound.

So now, Tatitlik's automotive fleet is down to four.

These same villagers are the unlikely owners of a giant multinational company: the Chugach Alaska Corporation. Chugach Corp.'s annual revenues now top $700 million, nearly all of which comes from federal contracting. The company does more business with the U.S. government than do IBM, AT&T, or Motorola. Chugach and its partners run military bases from Nevada to Iraq. They monitor seismic activity from a base in Korea in support of the Nuclear Test Ban Treaty. And on another end of the earth, Chugach operates the Reagan Test Site, a coral reef leased from the Marshall Islands, where engineers give ballistic missiles a workout and may some day run the planned Star Wars program. The contract for that one is worth $2.5 billion.

How do the villagers, most of whom would much rather hunt seals and stalk caribou herds than go anywhere near a corporate boardroom, manage these projects? The truth is, they don't. Village chief Gary Kompkoff is vice chairman of the corporation, but no other villagers and only a handful of Eskimos are even employed on these projects. The projects are managed instead by Chugach's subsidiary companies--run by white contracting executives from offices in downtown Anchorage or in the Lower 48 states--or by Chugach's corporate partners--huge firms such as Lockheed Martin and Bechtel.

These natives are being used essentially as fronts, what the Heritage Foundation's Ronald Utt calls "corporate shells," because of certain privileges that only Alaskan tribal corporations enjoy. Chief among them is the unlimited right, given to Alaskan native-owned corporations by Congress at the behest of Alaska's senior senator, Ted Stevens (R-Alaska), to bid for "sole-source" federal contracts (those not put up for competitive bid). As a result, these companies and their giant corporate partners can win federal contracts without necessarily having to offer the government the lowest possible price.

These contracting advantages provide the natives with some modest benefits, mostly in the form of annual dividend checks. The villagers of Tatitlik who were born before 1971 get about $1,500 a year--enough to buy new outboard motors for their boats so they can chase the migrating seal herds. Chugach is one of the most successful native corporations; most villagers in Alaska, while connected to a native corporation, receive even smaller annual checks.

Many of the system's benefits, though, flow to non-native people and corporations inside the Beltway. Lobbyists get hefty fees for putting together the deals. Federal contracting officers get to pad their minority and small business requirements and sidestep the headaches of competitive bidding. Bush administration officials get a tool to circumvent civil service unions. And, most of all, the Bechtels and Lockheed Martins get business they might not otherwise have obtained, with larger profit margins than they normally enjoy.

The amount of business flowing through Eskimo contracting schemes has exploded in the post- 9/11 contracting boom. An industry that was still tiny five years ago now generates billions of dollars each year. And it's beginning to attract scrutiny. Keith Ashdown of the nonpartisan watchdog group Taxpayers for Common Sense calls the Eskimo loophole a "magnet for mischief." The Government Accountability Office has launched a probe into whether federal agencies are paying far more for contracts than they should. The Senate Energy and House Armed Services Committees have also held hearings on whether some sole-source contracts run through the Eskimo loophole ought to have been competitively bid. Stevens, the author of the loophole, has been accused of making hundreds of thousands of dollars from a real estate deal involving one of the Alaskan corporations he helped to create.

If these investigations develop into a full-fledged scandal, it will be the third in just a few months involving senior Republicans in Washington and aboriginal populations--and three's a pattern. A Senate committee is looking into the case of Jack Abramoff, the conservative lobbyist and former aide to House Majority Leader Tom DeLay who is accused of bilking millions of dollars from native Americans to help them fend off non-existent threats to their special rights to operate casinos. Meanwhile, DeLay himself is the subject of inquiries as a result of donor-funded trips to the Marianas Islands, an American protectorate where textile manufacturers operate sweatshops with imported Chinese labor outside the reach of federal wage and workplace rules, yet have the right--thanks to DeLay's influence--to stamp "Made in America" on their products.

That all three scandals involve the exploitation of federal regulatory loopholes constructed to benefit native Americans is no coincidence. It is instead an illustration of how government now works under GOP control. Once upon a time, when Democrats ran Washington, federal tax dollars for the poor and other constituencies flowed largely through federal agencies and projects. The system was often inefficient, didn't always do much for its intended beneficiaries, and over the years became unpopular with voters. Now, a new system is arising, one more in tune with the zeitgeist. The new system funnels tax dollars not through wasteful federal bureaucracies but through crony capitalist enterprises. It is as inefficient and ineffective as the old system, maybe more so. But while the old system bolstered Democratic control of Washington, this one supports Republican rule. Welcome, then, to the new conservative welfare state.

Reservation Inc.

This convoluted, controversial system is the product of one of the most bizarre and ambitious social engineering projects in recent American history, a plan designed to lift Alaskan natives out of poverty through the private sector. It's hard to imagine a group more deserving of government help; since they first began to have significant dealings with white Americans at the turn of the 20th century, Alaskan natives have had a brutal time of it. In the 1905 Yukon gold rush, they were chased off their lands by prospecting Russians and Californians. During the 1940s, the Bureau of Indian Affairs (BIA) began forcing tribes to abandon their itinerant hunting and settle in permanent locations; alcoholism became rampant, and children were sent off to BIA-run boarding schools, horrid dens of physical and sexual abuse. In 1957, the government physicist Edward Teller, one inspiration for Dr. Strangelove, and the U.S. Bureau of Atomic Research even developed a strange plan to detonate a hydrogen bomb under the native village of Point Hope.

By the time modern Alaska emerged in the mid-1960s, native Alaskans seemed

natural recipients for sympathy and affirmative federal action. When oil was discovered in Prudhoe Bay on Alaska's mostly frozen and uninhabited north coast, oil companies needed to figure out how to acquire native lands to build a pipeline through the interior of the state to the ice-free port of Valdez. A small group of government and community leaders stepped in to oversee the task. These men--including Johnson administration officials, a handful of Senate aides, and some native leaders--wanted to avoid the standard reservation solution, which they believed create only dependency and stasis. The result was a break from history: They privatized the reservation. "We believed then, and I still believe now," says Bill Van Ness, one of the Senate aides involved in the effort, "that we were creating a revolution."

They cut a simple deal. The natives would give up most of the land they had hoped to win, reducing their claims from more than 300 million acres to 44 million. In return, the government would create special "native corporations" (more than 200 in all), owned fully by natives--a $1.5 billion cash settlement from the federal government was divided between them as seed money.

One of those pushing hardest for the bill was Ted Stevens, then a young, conservative junior senator from Alaska. The deal, ideologically appealing for him, would ultimately prove politically useful as well. While in the lower 48 states, native reservations almost invariably voted for Democrats, the involvement of Stevens's staff in creating these corporations helped to secure the loyalty of Alaska natives. Locally, Eskimos often vote Democratic, but for 30 years, they have steadfastly supported Stevens and the state's Republican delegation in Congress--largely, says Sarah Lukin of the Native American Contracting Association, "because they've been such a great help to the natives and the ANCs [Alaskan native Corporations]."

From the beginning, Stevens demonstrated not just a political but also a personal stake in native advancement. Native leaders around the state still remember fondly the senator's first wife, Ann, who during Stevens's early campaigns spent many weeks in tiny villages and developed a real rapport with the natives there. "We'd tell him, if you want our votes, don't come, just send Annie," a longtime Native leader told me. (Ann Stevens died in a plane crash in 1978.) Stevens eventually inserted an exemption in the land claims settlement act that allowed native corporations to ignore sole source contracting limits. At the time, few noticed the provision largely because natives weren't exactly in a position to run government contracts. "We spent our first years learning to spell 'corporation,'" remembers Willie Hensley, an influential early native political leader who now works in Washington as a lobbyist for the Alyeska Pipeline Corp. Life for the natives at the time was so rudimentary that Hensley has called it the "twilight of the stone age."

Although well-intentioned, the plan to turn nomadic caribou hunters and fishermen with no formal education into effective corporate managers was inherently problematic. The natives mostly created enterprises that were inefficient and returned little in the way of profits--zinc mines, timber logging, fish processing, etc. "Basically," says Hensley, "they were jobs programs." By the mid-1980s, most of the corporations were floundering, and they returned to Stevens for help. The senator worked to obtain additional benefits for them--most notably, loopholes in tax law--but by 1992, the corporations were still having a hard time getting their feet on the ground.

That's when Chugach, down to 12 employees and in bankruptcy, hired Mike Brown. Brown was a native of Seward and had been a career Air Force officer,

retiring as commander of an Alaskan base. He had dealt with contracts in the service, and knew both that minority firms had some advantages in dealing with the federal government and that Alaskan natives didn't seem to be earning much benefit from them. Some months earlier, he had sent a lawyer to Anchorage to investigate, and the attorney discovered that although the BIA listed Alaskan natives as an "economically and socially disadvantaged group," the Small Business Administration (SBA) did not. Brown convinced the SBA to list Alaskan natives as eligible for minority small business loans, and realized, with gathering excitement, that they had unique access to sole-source contracts. When he interviewed for the job of running Chugach, Brown told the board, "If you hire me, it'll be to commit completely to government contracting." They agreed.

Going native

Brown told me this story in mid-June in the Anchorage Sheraton's lobby restaurant as tour organizers herded senior citizens into teams for cruises around Prince William Sound. Brown is a little over 60 now, tall with a white mustache and still prone to military expressions like "hit the head." The state's prosperity traces the arc of his lifetime. When he was born in 1940, Anchorage had a population of 3,500; today, it is home to 300,000. Brown is sometimes referred to in the press as the "godfather" of native contracting, and his face breaks into a wide and sudden grin when I mention it. He has visible reasons to be proud: There are only a handful of affluent-looking buildings in Anchorage, the kind of modern glass office structures that signal wealth, but all of them seem to house either oil companies or native corporations. "The ANCs," says University of Alaska economist Steven Colt, "have become the state's establishment."

There's no natural reason why an out-of-the way place like Anchorage--a place so far from the American mainland that Russia appears on the local TV station's weather maps, but not Seattle--should have become a center of the government contracting industry. Native corporations, however, were holding some valuable cards. The combination of their sole-source contracting exemption and status as minority-owned firms gave them an advantage over competitors, a benefit that Brown leveraged. He began modestly with base management subcontracts, hiring smart project managers he knew from the contracting world to run them. "Running base services isn't rocket science," Brown told me.

But there were problems. Brown found that he couldn't find enough Eskimos with management experience to run even these simple projects. By law, minority-owned corporations and their subsidiaries are required to actually have a minority as CEO. Brown had an ace up his sleeve: Like CEOs of many of the native organizations, he had a tight relationship with Stevens and was able to get the senator on the phone. Stevens soon got his colleagues to pass legislation exempting native companies from the minority CEO rule. Then Chugach grew too big to qualify for programs favoring small businesses; Stevens lobbied for and passed an amendment letting native corporations retain their small business status regardless of how large they become. And when Chugach began to approach the nine-year limit for a single company's participation in the small business program, Stevens won yet another statutory break allowing Alaskan native firms to create endless new subsidiaries so that the parent firm could have indefinite access to contracts.

Chugach and other Alaska native programs that followed its lead were growing fast. But as they set their aim for bigger contracts in the late 1990s, they realized that they needed help navigating the complex world of Washington contracting. Again Stevens came through. As chairman and longtime member of the Senate Defense

Appropriations Subcommittee, he had dozens of former staffers and associates working on K Street lobbying on behalf of defense contractors. They knew which firms might be interested in partnering with the native corporations, and what doors at which agencies to knock on. Pretty soon, most of the Eskimo corporations had these former staffers on retainer. If the lobbyists hit an obstacle, they could get Stevens himself to call government officials to push them to send contracts to the native corporations. "Lobbying," says current Chugach Chair Sheri Buretta, became "the backbone of the system."

In the end, though, it wasn't a very hard sell. The big contractors didn't need much convincing that sole-source deals offered significant upsides. Contracting agents within the federal bureaucracy also saw advantages--mostly, efficiency. Competitive bidding is a complex and time-consuming process. Even though it often leads to lower prices, it's not something contracting agents enjoy, especially when facing tough deadlines.

The bureaucrats had another incentive as well: the constant pressure they face to meet quotas for contracts to minority-owned and small businesses. Finding enough such companies with the capacity to do the work, especially on big projects, can be a nightmare. Eskimo-owned firms--which by then were not that small--provided an ideal solution. "We needed to get our small business numbers up, but we can't send a small business to run Los Alamos," Brad Bugger, a spokesman for the Department of Energy, told me. "But because the Alaskan native firms are exempted from the size limitations, we could send them a project that would make a significant difference in our small business numbers." So when the department needed a new contractor to run the Idaho National Laboratory, that state's biggest employer, it gave the job, on a sole-source basis, to an Alaskan native firm, Alutiiq.

Yet another party stood to benefit from native contracting. By 2001, Bush administration officials saw in the sole- source exemption a way to privatize government quickly. That year, a joint venture of two native corporations--Chenega and Arctic Slope--won a no-bid, $2.2 billion deal to operate the Defense Mapping Agency, which uses sophisticated computer modeling to map potential battlefields. The companies didn't have any of the technical experience these contracts demanded, but they did have something else. Unfettered by the need to provide civil service protections to their employees, they cut staff and streamlined operations more aggressively than the federal government itself could have.

And then came the attacks of September 11, 2001. Instantly, officials all over Washington were looking to spend lots of money on defense and homeland security contracts, the sooner the better. The native corporations looked like perfect vehicles. In 2003, Nana Pacific, another subsidiary of a native corporation, won a $70 million award from the Defense Department to rebuild the Iraqi port of umm-Qasr; it subcontracted with one of the world's leading port construction firms, SSA-Marine, and handed off the operation of the contract. In another instance, currently under investigation by the House Armed Services Committee, two large security companies--Wackenhut and Vance International--won a series of sole-source contracts collectively worth $180 million by partnering with Alaskan native firms. Both companies had previously bid on similar contracts on their own and lost.

More West Virginia than Wild West

Alaska has a well-earned reputation as a rough, bootstrapping state, with a boisterous, counter-establishment character. It is a place beyond the American boundary, populated by gangly moose and whales, by hippies who head for the

curving black mountain slopes, by those on a libertarian quest to get away from places with rules. In downtown Anchorage, wobbly old 12-seat planes fly overhead, bound for villages that can't be reached any other way, ferrying passengers in search of ever more remote locales.

But while the state thrives on its identity as the last frontier, it is in many ways less like the Wild West than West Virginia. Like its poor, rugged Appalachian cousin, Alaska's economy is overwhelmingly dependent on other people's tax money; it is by far the nation's largest per capita recipient of federal cash. And, as with West Virginia, it is represented in Washington by an aging senator who uses his appropriations power to keep the state's economy afloat almost single-handedly.

Stevens rivals his West Virginia counterpart, Democratic Sen. Robert Byrd, in his ability to attract federal dollars. (Through his staff, Stevens declined interview requests for this article.) Some Alaskan economists estimate that Stevens is responsible for 10 percent of the state's economy. Stevens and Byrd are good friends, but in personal style, the two senators are near opposites: Byrd cultivates the public persona of a florid Southern gentleman, using Senate speeches to deliver elaborate appreciations of, say, the women of Congress, or the coming of Spring. Stevens's public image is of a force-of-nature senator from a force-of-nature state; when he brings appropriations bills to the Senate floor, the Alaskan wears a tie featuring the Incredible Hulk ('cause he's so strong), and when he's angry, he wears one depicting the Tasmanian Devil ('cause he might go crazy). But the more telling difference between Stevens and Byrd is in the ways in which they use federal power to do favors for their home states. But while Byrd has become a master of harnessing federal largesse primarily by physically transferring as much of the federal government as possible to his state--there is a reason, for instance, that the FBI's crime lab is in West Virginia--Stevens has branched in a different direction. Instead of funneling tax dollars through federal agencies, he channels them through federally dependent corporations.

This method is unquestionably more palatable to those who oppose the idea of government handouts to the poor. But the laissez-faire Stevens system has some significant downsides. For one, it distributes benefits unevenly. Those natives with the political savvy and organization to take advantage of the system have sometimes done very well. Those without it have floundered and the average native income in Alaska is still $11,000, while the portion of natives living in poverty continues to increase. The villagers in Tatitlik, shareholders in Chugach, love the system: It has provided them not only with dividend checks, but a range of other services, the kinds of things you might normally expect to come from government. Chugach Alaska sponsors scholarships for the college-bound children of its shareholders, and corporate internship programs after they graduate. The company sends quarterly checks to the tribal elders to supplement social security and pays for programs to preserve traditional languages and culture, which had been dramatically fading. Perhaps most important to the villagers, says Tatitlik's chief, Kompkoff, "it makes you proud to be Chugach again." Most Alaskan natives, however, have gotten far fewer benefits, and some have received almost nothing at all.

A more troubling downside is that some of the biggest dividends from the system don't flow to natives at all, but to other players in the game: the lobbyists who put the deals together, the principals who own the contracting firms, and even the politicians. Stevens has built a mini-political machine using the loophole. His loyalists run the Alaskan native corporations, delivering both votes and campaign contributions and sending substantial fees for lobbying services to a handful of the

senator's ex-staffers and close associates, including Stevens's brother-in-law and his son. He returns favors to leading native corporation officials: In the 2005 Defense appropriation, Stevens inserted a line ordering the Air Force to spend $2.5 million to buy a parcel of land from Jake Adams, president of Arctic Slope and a longtime Stevens supporter. "I'm trying to help one family," the senator told the *Anchorage Daily News*. The system has even benefited Stevens personally: A recent Los Angeles Times investigation found that Stevens had bought into an Anchorage office tower which was then leased to Arctic Slope for $6 million per year. Stevens's stake, which he originally bought for $50,000, is now worth more than $1 million. Congress, whose ethics system has recently been watered down by the Republican leadership, has not launched any investigations.

All of which raises an obvious question: Who are these loopholes for?

What really drives the issue of native contracting is not political organizing or lobbying pressure or constituent demands but a blunt moral calculation: How do you repay historical debts and assuage a nation's guilt? "We have given up an awful lot to be part of this country," says Buretta, the Chugach Corp. chair. "It doesn't seem unfair that we're now getting a little bit back." Buretta and others argue that the program has helped the native corporations grow and that Chugach and others are beginning to win competitive contracts. But these competitive deals still account for only a slim minority of Chugach's government business. And if the overarching goal is to provide a better life for the Eskimos, it would be far simpler and many times cheaper for the government to simply send along a check. It is hard to argue that sluicing the tax dollars through no-bid contracting deals somehow makes Alaska natives any less dependent upon political aid. Instead, it simply changes the nature of what the natives are dependent on, from government welfare spending to government loophole spending.

The question of whether these contracting schemes are really the best way to help Alaskan natives deserves a serious debate. Instead, Washington seems to be shoring up and expanding their special privileges. On the Democratic side, Sen. Daniel Inouye (D-Hawaii) has already won certain contracting advantages for his islands' natives that are modeled on, though not as substantial as, the Alaskan program. Earlier this year, the Alaskan Natives joined with other contracting companies to found the Native American Contracting Association, a new group whose goal is to expand contracting opportunities and privileges to all American natives. In the lower 48, several native contracting firms have entered the arena--a firm called S&K Technologies, jointly owned by the Salish and Kootenai tribes is partnering with Chugach on a base management contract for Iraq.

When the plugged-in Chickasaw tribe of Oklahoma lost out on a Defense Department contract last year, they used their influence with Rep. Tom Cole (R-Okla.) and the Bush administration to reign down holy terror on the DOD's contracting officers. "If you'll excuse my language," one peeved DOD bureaucrat told *Indian Country Today*, "the Chickasaws went ape shit." And at last month's national Native American conference in Green Bay, the nation's tribes--many of which have been skeptical of, or outright opposed to, special exemptions for Alaskan native corporations--voted to support the retention of the Alaskan privileges.

Indian tribes aren't the only ones eager to see the exemption expanded. While some in Washington are uneasy about its costs and corrupting effects, many in the GOP leadership view it as a model for the kind of federal government they would like to see more of. It is a privatized system that circumvents the civil service, enriches

politically-connected corporations, provides a trickle of money to the poor, and secures Republican power. For some conservatives, in other words, the Eskimo loophole is not a failed experiment in social engineering. It is the future.

Benjamin Wallace-Wells is an editor of *The Washington Monthly.*